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FY 82 LEGISLATIVE RECOMMENDATIONS OF VETERANS' ORGANIZATIONS

HEARINGS

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST AND SECOND SESSIONS

ON

LEGISLATIVE RECOMMENDATIONS OF NATIONAL COMMANDERS OF THE AMERICAN LEGION; DISABLED AMERICAN VETERANS; PARALYZED VETERANS OF AMERICA; BLINDED VETERANS ASSOCIATION; VETERANS OF WORLD WAR I OF THE U.S.A., INC.; VETERANS OF FOREIGN WARS; AND AMERICAN VETERANS OF WORLD WAR II, KOREA, VIETNAM (AMVETS), AND THE MILITARY ORDER OF THE PURPLE HEART

SEPTEMBER 22, 1981; FEBRUARY 23, MARCH 2 AND 30, AND APRIL 29, 1982

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FISCAL YEAR 1982 LEGISLATIVE RECOMMENDATIONS OF VETERANS' ORGANIZATIONS

TUESDAY, SEPTEMBER 22, 1981

U.S. Senate,
Committee on Veterans' Affairs,
Washington, D.C.

The committee met, pursuant to notice, at 11:10 a.m., in room 318, Russell Office Building, Hon. Alan K. Simpson (chairman of the committee), presiding.

Present: Chairman Alan K. Simpson (presiding), Senators Strom Thurmond, Robert T. Stafford, Arlen Specter, Alan Cranston, Jennings Randolph, Spark M. Matsunaga, and George J. Mitchell.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Chairman Simpson. Thank you so much for your patience. I have been out in the hall chewing out various members of my staff, except Bergquist, of course, like an old veteran or a legionnaire might do. I was talking with others because I just left chairing a hearing where we were discussing the very important issue of the number of refugees to be allowed into the United States. I suddenly became aware of the tight schedule which has been set for many months and the Senator who was to replace me did not come and since they have not cloned us yet, I was late. I really apologize and I mean that sincerely. I welcome you to the American Legion's presentation of their legislative goals for the second session of the 97th Congress.

I greet you as a very comparatively new member of the American Legion, Fred Cole, Post No. 20, in Cody, Wyo., they finally caught me. In those early years under early eligibility requirements I did not qualify. I was a member of "Brand X Veterans' Organization" and was very active for many years. I'm proud to be a member of the VFW and the Legion, has in just the last year brought me up to speed very swiftly and I am honored to join you.

Commander Flynt, it is very fine to have you here and I congratulate you on your election earlier this month. Senator Bentsen is here to introduce you. I commend you for your many contributions to the veterans of our Nation during your tenure with the American Legion. You have an outstanding record of service. I will look forward to your testimony before this committee and also toward working with you in the coming year.

We also have with us today, and I want to welcome the following distinguished leaders of the American Legion, Bill Lenker, chairman of the National Veterans' Affairs and Rehabilitation Commission; Bob Lyngh, director of the National Veterans' Affairs and Rehabilitation Commission; Keith Kreul, the chairman of the National Legislative Commission; and Phil Riggin, the director of the National Legislative Commission.

I think perhaps there are some legionnaires here from Wyoming. I am not certain. They were to meet with me later in the day and we will do that. If there are any present, they ought to let out a hoot. Ah, you see that? It's good to see you and I will see you later in the day. There are not many who come from the land of high attitude and low multitude, and I appreciate that very much.

I want to thank all of you for joining us in the presentation of the Legion's legislative goals. These hearings are helpful to the committee. There was a good precedent set by my colleague, Al Cranston, in years past, and I certainly think it's an excellent way to communicate as we establish our legislative initiatives.

I believe that since the Legion's last presentation, we have accomplished a great deal, including the passage of several very significant bills. On August 11, President Reagan signed into law H.R. 1100, which will improve benefit programs for veterans who are former prisoners of war. That's the first time we have done anything in that area for 35 years.

The compensation bill, S. 917, has been passed by the Senate and provides an 11.2 percent increase in the rate of disability compensation for disabled veterans and their surviving spouses and children. I am confident that a compromise of S. 917 and the House compensation bill will be reached very quickly in order to provide those much needed additional benefits to our deserving disabled veterans and survivors.

I want to add just one other comment. Obviously, tough times exist with regard to the national budget, and while we on this committee must do our duty in these days of budget tightening, it remains our commitment, and a clear one, that such tightening will not occur at the expense of the quality of health care or the appropriate benefits which we owe to our disabled and service-connected disabled veterans.

I thank you for the excellent support you have provided during the past year and I look forward to the coming year and working with all of you. I will now ask my good colleague, Senator Cranston of California, if he has any statements to share with you at this time.

Senator Cranston. Thank you very much, Al. Yes, I do have a short statement. I want first to take this opportunity to join Chairman Simpson in welcoming all of you this morning to our hearing to receive the American Legion's presentation of its legislative goals. It is a great pleasure to welcome you, Commander Flynt, and offer my congratulations to you on your recent election. I am certain you will be a most capable successor to Michael Kogutek with whom this committee has enjoyed working closely over the past year.

It's also a pleasure to welcome the Legion's National Veterans' Affairs and Rehabilitation Commission chairman, Bill Lenker; and commission director, Bob Lyngh; as well as the National Legislative Commission chairman, Keith Kreul; and commission director, Phil Riggin.

I want to take this time, also, to extend my congratulations to all of the newly elected vice commanders and the other national officials of the Legion and to the new national president of the American Legion Auxiliary, Romaine Roethel. As always, I look forward to working with each and all of you in the upcoming year.

I know there are some Californians present. I would like to ask that they rise so we can see all of them.

Before hearing from you on your goals and priorities for the coming year, I want to thank all of you in the Legion for your invaluable assistance and efforts this year to insure that this Nation's commitments to its veterans are kept and that the quality and integrity of VA services are protected. I'd like to make particular note of your fine Washington office staff. They do a really magnificant job of representing the American Legion, and I believe you can be very, very proud of them.

And a special and very personal word of congratulations to Mylio Kraja on his new job as Washington office executive director. We are sure Phil will be a most capable successor, Mylio, and we are delighted with your promotion and glad you will still be with us in Washington.

We have, indeed, had our share of battles this year, but there are some accomplishments of which we can be justifiably proud.

Earlier this summer, we achieved the enactment of a major legislative initiative designed to meet the needs of former prisoners of war. Also, the Senate has passed two major legislative items—the Veterans Program Extension and Improvement Act of 1981 and the Veterans Disability Compensation, Housing, and Memorial Benefits Amendments of 1981. We are now trying hard to resolve the differences between Senate- and House-passed versions of those bills, and I hope that both will soon be sent to the White House for approval.

It is significant that, in a year of incredibly tough budget constraints, we have successfully sought Senate approval of significant improvements in a variety of veterans' benefits, particularly for service-connected disabled veterans and those veterans of the Vietnam era who are still experiencing difficulties in readjusting to civilian life or are concerned that they are suffering ill health effects from exposure to agent orange.

Despite these successes, now is not the time for us to relax our efforts. There are some ominous storm clouds on the horizon for the VA, and strong concerted action will be needed to insure that the VA remains able to carry on its mission of providing earned benefits and services to our Nation's veterans.

I want to mention briefly two of these storm clouds looming over the VA health-care system, so that you will be aware of them and able to plan appropriate actions.

The first problem concerns funding for VA programs in fiscal year 1982, beginning next week. Earlier this year, after the Congress had hammered out the budget proposals for fiscal year 1982, many felt that the VA came out in pretty good shape. The Congress acted to add back funds and personnel to the agency—primarily for health-care programs—that the Reagan administration had proposed be cut.

I enthusiastically supported these restorations. I thought the President's proposed cuts in VA health care and other programs were wrong, and I said so. Thanks to you in the American Legion and those in other veterans' organizations, the proposed cuts—some $300 million—were restored to the Department of Medicine and Surgery budget as part of the so-called Gramm-Latta budget compromise, which the President ultimately supported.

But that action was in the budget-projecting process only. Next came the real test—the appropriations process, in which the money for a fiscal year is actually made available. The House passed an appropriations bill for the VA that included the full amount—in both dollars and people—for VA medical care that the Congress had adopted earlier in the budget process and, after Senate action adopting slightly lower figures, the House and Senate conferees agreed to the full amount.

At that point, it should have been smooth sailing, and VA health care should have been set for next year. But that was not the case. When the conference report reached the House floor last week, strong statements were made about a Presidential veto, and one OMB spokesman was reported to have made the veto threat directly. One of the principal reasons for this threat was the proposed level of funding for VA health care, despite earlier agreement to the amount involved in the budget compromise.

Although the House approved the conference report, the margin was razor thin—a mere 12 votes—a clear sign that a veto could not be overridden. In light of the confusing signals from the administration on this measure, the Senate has not yet taken up the conference report and, frankly, I am now deeply concerned about what the funding levels for VA health care will really be for next year.

You know and I know that the quality of VA health care depends directly on the health-care staffing levels. I was satisfied that the levels endorsed by the Congress in the budget process and by the Appropriations Committees were adequate, but any reductions will cause significant problems, and I promise you that I will do what I can to prevent that result.

Storm cloud No. 2 for the VA health-care system is the so-called A-76 process, under which the VA must undertake studies of the feasibility of contracting out to private businesses certain major functions now performed by VA employees in the Department of Medicine and Surgery. I realize full well that there must be economies in the VA budget as elsewhere in Government. But there are three aspects of the A-76 process, as it is now being forced on the VA, that are troublesome.

First, the VA is being required to conduct an enormous number of studies to evaluate the comparative costs of having various functions performed by VA employees, as they now are, or otherwise by contractors. The cost of these studies—estimated at as much as $29 million—will have to come out of funds appropriated for the provision of health-care services to veterans.

I believe that that money should be spent on caring for veterans—not studying contracting for veterans' care.

Second, I am very concerned that a push for contracting out services that is based almost exclusively on the desire to save money may be counterproductive to the goal of good health care and may not even be cost-effective in the long run.

I am deeply committed to the maintenance of a strong, independent VA health care system, as I know you are. We must look very closely at the impact of the A-76 process on that system.

Third, the VA's General Counsel ruled over a year ago that, in light of the specific statutory structure and functions of DM&S, "The application of A-76 to the basic medical care operations of DM&S cannot be justified legally * * *"

If there is to be action on the A-76 front—and I am not at all sure there should be—I believe that many questions need to be answered first. I assure you that I will be following this issue very carefully, and I urge you to do likewise.

And let me stress that these are real storm clouds, not imaginary atmospheric disturbances. Although the sky's not falling yet, it's getting ominously dark.

Very briefly, then, those are some of the major issues that we've been and will be dealing with. I now look forward to hearing your views and receiving your guidance on where we should be going from here.

I value your insights as much as I welcome your support on the issues we are confronting. Working together—even though the going may be rough in the days ahead—we must continue to keep the faith so that the sacrifices of our Nation's veterans are never, ever forgotten or dishonored. And I thank you for what I know you will be doing to that end.

Thank you very, very much. [Applause.]

Chairman SIMPSON. Thank you, Al. I must say that my companion from California and I do have rather spirited discussions about philosophy and funding and in regard to the veterans' budget. And it is a duty of this committee to oversee a $24 billion budget. That's what it is.

The mission, and I am now going to stop, of the VA is to take care of those who bore the battle, their widows and orphans, and we do that through the most first-class health care system in the world. But 70 percent of the people in that health care system are there for non-service-connected disabilities and half of those are being treated for alcoholism. We are going to start paying attention to those issues.

Now, "Mr. Veteran" himself, Strom Thurmond from South Carolina, who has been most supportive of me in this new role just as Senator Cranston, as I assumed the new duties as of January.

Strom.

Senator THURMOND. Thank you very much, Mr. Chairman.

Mr. Chairman, I am pleased to be here this morning to receive testimony from the American Legion regarding their legislative goals for the second session of the 97th Congress.

I want to extend my congratulations and a warm welcome to newly elected National Commander Jack Flynt of Texas. Mr. Commander, with the experience and outstanding qualifications you have acquired during your years of service at the post, State, and National level, I am sure that you will do an excellent job in this position of great responsibility.

Also, I would like to welcome Mr. Lenker, Mr. Lyngh, Mr. Kreul, and Mr. Riggin and all others from the Washington office with whom this committee works on a daily basis to insure that our Nation's veterans are provided quality care and efficient service from the Veterans' Administration. I have found the staff at the national level to be very competent and very cooperative in their work.

We wish also to welcome our able colleague here from Texas this morning, Senator Bentsen, who will present our national commander. It's a pleasure to have him here.

It is always a pleasure to have the American Legion testify before this committee, and I look forward to this annual presentation. I have assured you in the past, and I can assure you today that this committee will give careful attention to your views and recommendations.

The Legion is a patriotic and fine organization and one of which I am proud to be a life member. I commend you for its outstanding service in assisting our veterans population and advancing the principles of God, country, and fellowman.

Mr. Chairman, several Legionnaires are with us today representing South Carolina, and I would like to call their names and have them stand and be recognized: Mr. Bob Hughes, State commander and Mrs. Hughes; will they please stand? And Mr. Bill Plowden, a longtime friend and a dedicated veteran and chairman of the American Legion committee in our State and a member of the national committee. Are there any others here? I would like for them to stand. My good friend Roy Stone, who is on the national executive committee could not be with us today, but I am sure he will get a detailed report of the activities of the day.

It's a pleasure to have all of you here today and I want you to know I truly appreciate what the veterans have done for our Nation. We would not even have a nation if it were not for people like you. Thank you very much.

Chairman **Simpson**. Strom, thank you. We will now move to another former chairman of mine, Jennings Randolph, who chairs the Environment and Public Works Committee, and was very helpful to me in my new duties there and has been a very active member of the Veterans' Affairs Committee.

Jennings Randolph of West Virginia.

Senator **Randolph**. Thank you very much, Chairman Simpson. I say not as a pleasantry that the service of a Member within the Senate structure is often enhanced, not only by the pleasure of knowing him, but by the depth of understanding on the issues that that Senator or Senators who work with me and I, hopefully, with them have enjoyed through the years. And I take the moment to express my thanks to you, a newer Member of the Senate, Alan, for that, should I say, understanding, not always agreement, which we have had in our committee structure.

It's helpful, also, that our able colleague from Texas, Senator Lloyd Bentsen, is here for the purposes of an appropriate introduction.

I shall be very brief, but I do wish to express again, as I have often, that it's a privilege for me to serve on this committee. I have served on the committee since its beginning. It was my privilege, also, prior to the committee being established in the Senate, as the

Legionnaires will remember, we had only a subcommittee of the House, always had the committee. We changed from a subcommittee, which I think is a change that was long overdue, but for 19 months prior to the movement into the committee itself, I had the responsibility of chairing the subcommittee within the Senate and through these years I have come to know and to appreciate the contributions of those who have served in the Armed Forces of the United States as they continue to serve not only veterans' organizations, like the American Legion, but to be leaders within their communities, with their families, and to those who live along side of them, on both sides of the street.

And so to have legislative recommendations of the Legion as we come today, thinking in terms of the remainder of the 97th Congress, I think it's very timely that we hear you. We hear you, of course, and hopefully we try to follow your recommendations, at least in part.

And so I am helped personally as a Senator, and the committee is helped, by today the presence and the leadership of the newly chosen national commander of the American Legion, Jack Flynt of, I couldn't pronounce his hometown, I might say "Damnet" and that would be wrong. But it's a good spot out there in Texas.

But in attendance here today, I must just note, because I want to note it, the presence of a friend of mine of 55 years, you Legionnaires know him. He is Lincoln Cox of the State of West Virginia. And when you know someone for 55 years and know that you are going to have the privilege of knowing him many more years, why you just want the record to reflect it.

Now, Mr. Cox is a member, a new member, of the American Legion, the national legislative commission. He looks upon that as a commitment and you can count on him for good work well done. I do take the opportunity, as I often do, so many people forget that Senators are supposed to speak up for their States. I never forget that. And Lincoln Cox represents 26,879 West Virginia Legionnaires. Now, they are Legionnaires. They belong to the Legion. They live and work. They labor and love in West Virginia. There are approximately 235,000 veterans who live in West Virginia, who are West Virginians, and he, of course, in this capacity that he now has will be serving all of them. You would want that to be so.

And so, again, I emphasize, and I recognize that these are not just perfunctory meetings. You bring to us recommendations and you bring to the membership of our Veterans' Committee the, not only recommendations, but the strong beliefs that you hold in reference to the veterans not only of the Legion but other veterans throughout the country. It is not just a passing comment that I say I know many members of the able and knowledgeable staff of the American Legion here in Washington, D.C.

And so as these organizations, such as the Legion, come before us we know that they speak not just for the orbit of a special, let's say, organization of Legionnaires, but you really speak for the veterans of the United States of America, whether they belong to the Legion or some other organization. You speak also for the survivors and you speak for the dependents of that tremendous body of men and women who have represented our country often under extreme conditions with conflict and often of survival.

And so as you talk with us again today, I think that we must recognize, and I am very quick to say it, that you because of your service, then and now, in the Armed Forces and now within the organizational structure of the Legion, you have particular insight into these problems and for that reason, as you confront these problems, do not in the sense lay them on the table with us. But counsel with us, and work with us, not only on the presentation today, but during the months ahead.

I thank you, Mr. Chairman.

Chairman SIMPSON. Thank you very much, Senator Randolph. [Applause.]

Senator STAFFORD. I am very pleased also, I am Senator Stafford of Vermont, to join in extending a warm welcome to all you here today for the American Legion's presentation of legislative recommendation for the coming year.

As an aside I might say that I have the honor of chairing the Committee on Environment and Public Works of the Senate, and we had a meeting of our committee at 10 o'clock, but I note that there are more members of my committee here at this meeting, or have been here at this meeting, than were in attendance at my committee's meeting at 10 o'clock, which shows you the relative importance with which we hold the appearance of the American Legion of this country.

Senator RANDOLPH. May I interrupt?

Senator STAFFORD. Yes, you may indeed, sir.

Senator RANDOLPH. I have been at both meetings.

Senator STAFFORD. That is true. Senator Randolph and I were at both meetings. He's the ranking member of the Committee on Environment and Public Works.

I join in a special welcome to the newly elected national commander of the Legion, Jack W. Flynt. We also recognize the excellent and hard-working professional staff accompanying you, Commander. We work closely with the members of your Washington office. The American Legion is well represented in committee hearings and is looking after the interests of the veterans of our Nation.

It's also a day we look forward to, not only to learn of the legislative goals you seek, but to meet and greet those from our own States here representing the various departments of the Legion. And I am not sure how many Vermonters are here this morning but I know there is at least one, Mr. Moriarity, a neighbor of mine. I wonder if he would rise and take a bow and if any others are present, if they would do so with him.

Members of the Senate Committee on Veterans' Affairs are mindful of our responsibility to the veterans of our great Nation. We know the importance of maintaining and improving the program of benefits provided through the years for our veterans, their survivors and their dependents. We realize that those benefits and especially the fine veterans' health care system need constant review and attention.

We want you to know that your support of our efforts on behalf of veterans is very important and greatly needed. The support of the American Legion is of considerable help to us in enacting needed legislation and in keeping intact the valued programs we now have. It's been my privilege to serve on this committee, like Senator Randolph and others, since its inception in 1971. And I take pride in the legislative accomplishments of this committee since its formation.

I also take pride in the fact that I have been a member of the American Legion since the end of World War II.

With your help and with your support, I believe there is every reason to believe that the committee will continue to go forward on behalf of veterans and that, of course, is in the best interest of our great Nation we all love.

Thank you very much. [Applause.]

I should now explain, if I may, for my colleagues that the members of this committee who are chairmen of committees are required to meet with our boss, Howard Baker, the majority leader, in 5 minutes and I hope that all of you will understand that an invitation from the majority leader to meet with him is one that we consider really a command. That will explain to you why Senator Thurmond, myself, and Senator Simpson are now required to leave.

I understand that arrangement has been made for Senator Mitchell to preside, assuming Senator Randolph will not be able to stay. And that being so, I would turn the gavel over to Senator Mitchell for the purpose of recognizing Senator DeConcini.

Senator MITCHELL [presiding]. Thank you, Mr. Chairman and I will now call upon Senator Dennis DeConcini of Arizona.

Senator DECONCINI. Mr. Chairman, thank you very much. I am most anxious to hear the testimony of the new commander. We welcome you here, and also the introduction of our colleague from Texas, Senator Bentsen.

Senator, we are pleased to have you here, a staunch supporter of veterans' rights and benefits. I welcome the Arizona delegation that is here and I ask that my entire statement be put in the record, Mr. Chairman. Let me just summarize a little bit.

First of all, as to Chairman Simpson, let me express my appreciation to him, the staff of this committee, and the working arrangements we have with the American Legion staff here in Washington and in our States. The chairman has a very difficult job—a challenge that is upon all of us and which we must all share. All of us must share in the responsibility of attempting to bring some fiscal restraint upon Federal expenditures.

But I submit that politics should not play a part in determining what are necessary benefits for the American veteran. I am a perfect example. I am a young man who went through ROTC and went into the service when there was no conflict. I was prepared, of course, to do my duty, but thanks to many people in this room and many veterans in my home State I didn't have to risk my life. And I have a deep sense of obligation and thanks to those people who did do just that—who risked their lives in the service of their country. So many of you have done that.

It seems to me that we can separate veterans' benefits and veterans' programs from politics in making determinations to reduce Federal expenditures.

These are not give away programs we are talking about. These are earned rights. These are commitments by a nation that believes that citizens who give voluntarily of their time and out of their earning capacities to serve in the military and risk their lives, are entitled to a cost-of-living increase. It's not political. It's an earned right. It's something that we have the responsibility to fund.

Pensions are not welfare. They are earned rights that we have tne responsibility to fund. Disability benefits and health care are earned rights that we have the responsibility to fund.

How we do it? We can't do it by placing the burden upon those that have already sacrificed. We can do it through reductions, in my opinion, of many wastefull efforts that our Government funds—in Federal, nondefense travel; in burgeoning consultant expenses; in making films amounting to half a billion dollars a year in the failure of our Government to collect debts that are due it.

And, it's time for us to reassess our position in the area of foreign assistance—not to isolate ourselves from the world, but to be realistic that our commitments at home are what we must attend to first. And it's time for us to look at our multilateral contributions and tell the world that we will continue to participate, but not at the same rate that we have in the past.

So what I am saying is that we can fulfill that commitment to veterans. I ask you, gentlemen, as you have in the past, to fight for what you believe in. That doesn't have to be on a partisan basis; it has to be on the basis of what's good for America, what's good for the defense and the national security of this country.

So, Mr. Chairman, I will cease my remarks and ask that the balance of my statement be put in the record. I am very pleased to be part of this committee and participate in the hearings today and I intend to stay and listen to some of the testimony.

[Applause.]

Senator **Mitchell**. Thank you very much, Senator DeConcini.

[The prepared statement of Hon. Dennis DeConcini, a U.S. Senator from the State of Arizona, follows:]

PREPARED STATEMENT OF HON. DENNIS DeCONCINI, A U.S. SENATOR FROM THE STATE OF ARIZONA

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE AND DISTINGUISHED REPRESENTATIVES OF THE AMERICAN LEGION.

AS A NEW MEMBER OF THE SENATE VETERANS' AFFAIRS COMMITTEE, IT IS A DISTINCT HONOR AND PLEASURE FOR ME TO BE HERE TODAY TO PARTICIPATE IN THE AMERICAN LEGION'S PRESENTATION OF ITS LEGISLATIVE PRIORITIES. I LOOK FORWARD TO RECEIVING YOUR TESTIMONY AND TO WORKING WITH YOUR FINE ORGANIZATION AS WE FORMULATE LEGISLATION DESIGNED TO MEET THE EVER-CHANGING NEEDS OF OUR VETERAN POPULATION.

I WOULD LIKE TO EXTEND A PARTICULARLY WARM WELCOME TO THE NEW NATIONAL COMMANDER OF THE AMERICAN LEGION, MR. JACK FLYNT, AND TO THE NEW PRESIDENT OF THE AUXILIARY, MRS. ROMAINE ROETHEL. I WISH YOU EVERY SUCCESS AS YOU UNDERTAKE YOUR NEW RESPONSIBILITIES AND PLEDGE TO WORK CLOSELY WITH YOU AND YOUR OUTSTANDING WASHINGTON STAFF

TO INSURE THAT OUR HISTORIC COMMITMENTS TO OUR NATION'S VETERANS ARE HONORED.

DUE IN LARGE MEASURE TO THE DEDICATION OF ORGANIZATIONS SUCH AS THE AMERICAN LEGION, MANY ENDURING LEGISLATIVE INITIATIVES HAVE BECOME THE LAW OF THE LAND. BUT PAST SUCCESS IS NO GUARANTEE FOR THE FUTURE. TOGETHER WE MUST GUARD AGAINST AN EROSION OF PROMISED SERVICES AND BENEFITS FOR OUR NATION'S VETERANS. DURING THE SHORT TIME I HAVE BEEN A MEMBER OF THIS COMMITTEE, I HAVE BEEN IMPRESSED BY THE CRITICAL FUNCTION YOUR ORGANIZATION PERFORMS. AS YOU KNOW, POLITICAL POWER FLOWS UNTIL IT MEETS RESISTANCE, AND YOUR RESISTANCE TO THE CUTS IN VETERANS' BENEFITS ORIGINALLY PROPOSED BY THE ADMINISTRATION HAS HELPED TO CONTAIN THE DAMAGE. BUT WE MUST NOW GIRD OURSELVES FOR A NEW ONSLAUGHT.

I PERSONALLY DO NOT BELIEVE THAT BENEFITS EARNED IN THE SERVICE OF COUNTRY ARE NEGOTIABLE. VETERANS PROGRAMS EXIST BECAUSE MILLIONS OF YOUNG AMERICANS WERE WILLING TO FIGHT AND DIE FOR THEIR COUNTRY--WILLING TO MAKE THE SUPREME SACRIFICE SO THE REST OF US CAN ENJOY THE FRUITS OF FREEDOM AND THE BOUNTY OF OUR ECONOMY. IT IS OUR DUTY TO MAKE YOUNG AMERICANS WHO HAVE BEEN DISABLED IN THE SERVICE OF THEIR COUNTRY WHOLE AGAIN. IF THEY NEED MEDICAL CARE, IT IS OUR DUTY TO PROVIDE IT. IF THEY HAVE BEEN DENIED EDUCATIONAL OPPORTUNITIES AS A RESULT OF THEIR SERVICE, IT IS OUR DUTY TO REPLACE WHAT THEY LOST. IF THEY HAVE DIFFICULTY IN FINDING JOBS AND READJUSTING TO CIVILIAN LIFE, IT IS OUR DUTY TO ASSIST THEM. AND, IN THE TWILIGHT OF THEIR YEARS, IT IS OUR DUTY TO INSURE THAT ALL VETERANS HAVE AN ADEQUATE STANDARD OF LIVING--NOT A WELFARE CHECK, BUT A PENSION.

SINCE BECOMING A MEMBER OF THE SENATE VETERANS' AFFAIRS COMMITTEE AT THE BEGINNING OF THIS YEAR, I HAVE FELT UNDER SEIGE. RATHER THAN HAVE THE LUXURY OF EXAMINING THE WHOLE RANGE OF VETERANS' NEEDS WITH A VIEW TO DEVELOPING MORE EFFECTIVE PROGRAMS, MOST OF MY TIME HAS BEEN SPENT TRYING TO CONTAIN THE DAMAGE.

EACH OF US ON THE COMMITTEE IS DEDICATED TO A BALANCED BUDGET AND TO THE ELIMINATION OF FRAUD AND ABUSE IN FEDERAL PROGRAMS. BUT THERE IS LITTLE, IF ANY, FAT IN THE VETERANS ADMINISTRATION BUDGET AND THE DRACONIAN CUTS OF THE SIZE ORIGINALLY PROPOSED CANNOT BE JUSTIFIED. BECAUSE OF THE SWIFT AND EFFECTIVE RESPONSE OF VETERANS' GROUPS THROUGHOUT THE NATION, WE HAVE BEEN ABLE TO RESTORE APPROXIMATELY HALF OF THE PROPOSED CUTS. BUT NOW WE MUST GIRD OURSELVES AGAINST A NEW ONSLAUGHT.

THERE IS ONE AREA OF VETERANS' BENEFITS WHICH IS OF PARTICULAR CONCERN TO ME AND THE VETERANS OF ARIZONA. AS THE AVERAGE AGE OF OUR VETERAN POPULATION INCREASES, THERE WILL BE AN INCREASED DEMAND FOR MEDICAL SERVICES. I CANNOT SUPPORT ADDITIONAL BUDGET REDUCTIONS WHICH WOULD IMPAIR THE EFFECTIVE DELIVERY OF HEALTH CARE SERVICES AND WOULD HOPE THAT THE ADMINISTRATION WILL NOT PROPOSE THEM. I SHALL ALSO VIGOROUSLY OPPOSE ANY ATTEMPTS BY THE OFFICE OF MANAGEMENT AND BUDGET TO THWART THE CONGRESSIONAL MANDATE WITH REGARD TO HEALTH CARE PERSONNEL CEILINGS. I AM DEEPLY COMMITTED TO THE MAINTENANCE OF AN INDEPENDENT AND QUALITY HEALTH CARE SYSTEM WITHIN THE VETERANS' ADMINISTRATION. A VETERAN IS A UNIQUE INDIVIDUAL WHO HAS MADE A UNIQUE CONTRIBUTION TO THIS NATION. HE HAS UNIQUE NEEDS AND THE VA MEDICAL CARE SYSTEM HAS BEEN ESTABLISHED TO MEET THOSE NEEDS.

TOGETHER, WE MUST RESIST ANY AND ALL ATTEMPTS TO UNDERMINE OR DISMANTLE

THE INDEPENDENCE OF THE VA HEALTH CARE SYSTEM.

NOW IS THE TIME TO REAFFIRM OUR COMMITMENT TO THE NATION'S VETERANS. ALL OF US HERE TODAY ARE CONCERNED ABOUT THE DEFENSE POSTURE OF THIS COUNTRY. AND IT IS IMPOSSIBLE TO DISASSOCIATE OUR COMMITMENT TO A STRONG NATIONAL DEFENSE FROM OUR PAST COMMITMENTS TO VETERANS. IF THE SCOPE AND QUALITY OF VETERANS' BENEFITS AND SERVICES IS ALLOWED TO DECLINE, THERE WILL SURELY BE A CONCOMITANT DECLINE IN THE QUALITY OF OUR MILITARY MANPOWER. DRAMATIC INCREASES IN DEFENSE SPENDING AND BILLIONS OF DOLLARS OF SOPHISTICATED NEW WEAPONRY WILL SERVE NO USEFUL PURPOSE IF WE CANNOT ATTRACT AND RETAIN QUALIFIED MILITARY PERSONNEL. AND WE WILL NOT BE ABLE TO ATTRACT COMPETENT PERSONNEL IF WE FAIL TO HONOR OUR OBLIGATIONS TO THOSE WHO HAVE ALREADY SERVED.

BEFORE CONCLUDING MY REMARKS, I WOULD LIKE TO EXTEND A WARM WELCOME TO THE MEMBERS OF THE ARIZONA DELEGATION OF THE AMERICAN LEGION. THE MORE THAN 10,000 LEGIONNAIRES IN ARIZONA HAVE A LONG HISTORY OF UNINTERRUPTED SERVICE TO THE CITIZENS OF THE STATE AND THE NATION AND I LOOK FORWARD TO WORKING CLOSELY WITH THEM AND WITH ALL OF YOU AS WE ATTEMPT TO RESOLVE THE CRUCIAL PROBLEMS FACING OUR VETERANS.

THANK YOU.

Senator **Mitchell**. I would like to welcome all of you. We all look forward to your testimony. I want to say to the Commander and to Senator Bentsen that since I am the last remaining obstacle to hearing from you, I will be brief.

I want to congratulate you, Commander, upon your election and say how we look forward with pleasure to hearing from you and from Senator Bentsen, who is I think without any question one of the most highly respected members of the U.S. Senate.

I would like, first, to recognize the delegation from Maine which is here today, down here making their contribution. Would they please stand and be recognized? [Applause.]

I'll be brief. I just want to make one comment, Commander. I took the time to review your written testimony before hearing from you and I agree with a great deal of what you say.

On page 2 of your testimony you say, and I quote, "It is our position that veterans' assistance programs should rank second only to national defense in the national priorities."

I agree with the point you are making, but I, frankly, would go further than that. I think veterans' programs are an integral part of our national defense programs and should be considered as such.

The history of man tells us that conflict occurs all too frequent. And we must be prepared for that occasion should it arise in the future, although we all hope and pray that it does not. And if it does, if this country is to obtain the services of men and women to defend our freedom and our security, then they must know with assurance that the commitments that our Government makes to them will be honored. And the only way we can demonstrate that fact is to honor those who have served our country in the past.

I believe that the U.S. Government has no higher obligation than to those sons and daughters who have served their Nation, all of whom had their lives disrupted; some of whom had their bodies and their spirits shattered and many of whom made the ultimate sacrifice of laying down their lives for this Nation. We owe a great debt of gratitude to them. We have an obligation to them that we must honor in more than words. We must honor by fulfilling our commitment to them because it is an obligation and because if we do not do it, we will not be able to defend our Nation in the future.

Thank you very much, gentlemen, and, are you going to stay Dennis? Oh, I'm sorry, right. I was mistaken when I said I was the last obstacle to hearing from the commander. Senator Specter of Pennsylvania, we won't refer to him as an obstacle. A welcome member of the committee and I know we look forward to hearing briefly from Senator Specter.

Senator **Specter**. Thank you very much, Senator Mitchell. I think Senator Mitchell was accurate when he said he was the last speaker at the time he made the statement. Since that time I had the opportunity to join this committee proceeding.

One of the great difficulties is that there are so many competing and conflicting demands that we cannot be here as long as we would like, but I want to join my colleagues in welcoming American Legion National Commander, Jack Flynt, and the other members of the American Legion who are with us today.

My commitment to veterans goes back to my earliest recollections when my father told me about his service in World War I. He lay on the battlefields in the Argonne Forest until his buddies came and rescued him. And he carried with him for his entire life the shrapnel in his leg as a tribute to his service. And my brother served in World War II and I was in the service in the Korean war and have great familiarity of the great contribution which the American veterans have made.

I would like to make only one point this morning. And that comes fresh on the heels of having hearings in Pittsburgh last Saturday on the problems of the Vietnam veterans who have, unfortunately, been forgotten to a substantial extent because of their being enmeshed in the issue of whether they fought a popular war, an unpopular war. I, for one, am most distressed about the slowness and the recognition of the problems caused by agent orange, the difficulties of proof which the Vietnam veterans are being called upon to make, and I think it worth noting that today that the Congress, perhaps with the initiative of this committee, will have to act on that important subject, as we have to act in so many spheres to appropriately recognize the contributions of the American veterans.

Thank you very much.

Senator **Mitchell**. Thank you very much, Senator Specter, and Senator Matsunaga, a veteran of this Veterans' Affairs Committee has just entered the room and I will now ask Senator Matsunaga to make brief remarks.

Senator **Matsunaga**. Thank you, Mr. Chairman. National Commander Flynt, and fellow American Legionnaires, aloha. You haven't forgotten, have you?

First, I want to congratulate you, Mr. Commander, for the success of your convention in Hawaii, and you helped Legionnaires, you helped their families, and you helped Hawaii, Hawaii's economy, and we certainly do appreciate your having selected Hawaii as your national convention site and I had the great pleasure of speaking before you at that convention and it did my heart good to see thousands of you there assembled in that hall over in Waikiki.

I am sure that you have laid out a good national program, as you usually do, and I want to reiterate what I said at the convention. That Legionnaires and their families are well represented here on Capitol Hill. And you can expect continued cooperation, at least from this one veteran of World War II, now serving on the Veterans' Affairs Committee.

Thank you very much.

Senator Mitchell. Thank you, Senator Matsunaga.

Without objection, I would like to place in the record at this point a written statement by Senator Frank H. Murkowski, a U.S. Senator from the State of Alaska, who is a member of this committee.

[The prepared statement of Senator Frank H. Murkowski follows:]

Prepared Statement of Hon. Frank H. Murkowski, a U.S. Senator From the State of Al[illegible]

I take delight in joining my colleagues to [illegible] the members of The American Legion and National Commander Jack W. Flynt to the Senate Committee on Veterans' Affairs. The American Legion's annual presentation of legislative priorities is a vital source of guidance to this Committee as it considers legislation that affects veterans policy in the United States. I greatly appreciate The American Legion's time, effort and scrutiny of veterans' policy and the needs of the veterans today. Your input is, as always, valuable.

This Committee, under the dedicated leadership of Chairman Simpson along with ranking members on both sides of the aisle, has accomplished a number of significant changes in veterans' programs already this year. There is a great deal more yet to accomplish, and it is my hope that we can continue to work closely with The American Legion and all veterans' groups in shaping legislation in the 97th Congress.

Veterans are an especially large and vital portion of the population in my State of Alaska. Over the last recess, I was fortunate to spend time with many veterans and veterans' groups in the State and was particularly struck by the continuing need to assist the Vietnam-era veteran as he seeks to make the often difficult readjustment to a productive civilian life. This Committee has a solid record of accomplishment in this and other areas of veterans' affairs and I look forward to working closely with The American Legion as we continue to address the needs of our nation's veterans.

I am proud to be a member of the Senate Committee on Veterans' Affairs and am pleased to be in a position to help make policy for the veterans of the United States.

Again, I welcome Commander Flynt and look forward to his remarks.

Senator Mitchell. Now I am pleased to call upon a man who I earlier described as one of the truly outstanding and most highly respected Members of the U.S. Senate, Senator Lloyd Bentsen of Texas.

Senator Bentsen.

TESTIMONY OF HON. LLOYD BENTSEN, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator Bentsen. Thank you very much, Mr. Chairman.

Chairman Mitchell, I would say for a fellow that's just arrived on the scene here recently, you have had an amazing ability to have an impact on legislation for veterans and I am most appreciative of that.

I listened to our chairman, Alan Simpson, talk about welcoming the people from the area of high altitude and low multitude. I would like to welcome you to the city of high humidity and low humility. [Laughter.]

Jack Flynt is a veteran of World War II. I have an empathy for him because we share a common background. He's a farmer, he's a rancher, he's been in the insurance business and he's held all the positions in the American Legion. He is from Dimmitt, Tex. He and I are two that know where Dimmitt, Tex. is, and it just happens to be a very fine community; a part of those grass roots that we talk about a great deal.

Jack Flynt is a man who understands the problems of the veteran. I have been an American Legionnaire in good standing for 35 years. I was the first post commander of World War II for my post at McAllen, Tex.

So I share the concerns that he shares. He understands that there are differences in what the veteran met at the end of World War II and what he's meeting today.

When I came back from World War II we had a GI Bill which helped purchase a home. Today we have a GI application for housing, generous in-laws. If you don't have that, you are not going to be able to purchase a home.

In addition, today, we think about what happened in Vietnam, an unpopular war. We think about the psychological impact on people coming back from that a war. We think about their medical concerns and how we fulfill the obligation and commitment that Senator Dennis DeConcini so affirmatively stated.

I believe that Jack Flynt speaks with the force of experience. This is enhanced by the fact that he is speaking for 2 million Legionnaires, people who have served their country, who are deeply committed to it, and who want to see that the contracts that we have signed to those servicemen are fulfilled.

I am proud and I am pleased to present our fellow Legionnaire, and the new national commander of the American Legion, Jack Flynt. [Applause.]

TESTIMONY OF JACK W. FLYNT, NATIONAL COMMANDER OF THE AMERICAN LEGION

Commander Flynt. Thank you, Senator Bentsen.

Mr. Chairman, members of the committee, if I may before I proceed, I would like to introduce a few more of our Legion family. First, Bob Spanogle, our national adjutant; Jack Tankred, who serves as my aide this year; from the American Legion Auxiliary, Mrs. Romaine Roethel, the national president; Mrs. Miriam Junge, our national secretary; and Mrs. Josie Melgard, our national legislative committee chairman. [Applause.]

Now, Mr. Chairman, and committee members, I want you to first know that we appreciate the sentiment that's been expressed here by the other Senators this morning. But it's an honor for me to appear before the distinguished members of this committee today, representing the 2.65 million members of the American Legion, and the nearly 1 million members of the American Legion Auxiliary.

We of the American Legion are well aware that the ultimate security of veterans assistance programs rests with the good will and the concern of the Congress of the United States. Historically, it is the Congress that has expressed the will of the American people that the Nation's veterans shall not be forgotten. And it is through this committee that Congress develops the programs that are necessary to the welfare of veterans and their families.

For your continuing concern and for the attention you give to our problems, the American Legion expresses its gratitude to the members of the committee.

In this statement, I will discuss the matters that most immediately engage the attention of the Nation's veterans, and for which we need the assistance of the Congress. Attached to the statement, also, is a list of those resolutions adopted at our 1981 national convention requiring legislative action. We will approach Congress regarding those matters during the course of the coming year.

Let me proceed now to those things we believe are most important to veterans affairs at this time.

Funding for veterans assistance programs. It now appears that funding for veterans programs for fiscal year 1982 will approximate $24.8 billion. Although this is about $1.5 billion more than was provided in fiscal year 1981, it is in fact a decremental budget, in that it does not fully adjust for the double digit rate of inflation that prevailed during the previous 12 months.

In January, the President will send forward his proposed budget for fiscal year 1983. We are apprehensive that in the face of renewed pledges to cut the budget further, veterans programs will suffer.

It is our position that veterans assistance programs should rank second only to national defense in national priorities.

The Nation may expect the care and concern it manifests toward its veterans today will determine, in large part, the enthusiasm with which the people accept the next call to service in a national emergency.

It is our hope and trust the committee will insist upon fully funding all veterans programs in its presentation to the Budget Committee for the next fiscal year. Such funding must be geared to the rate of inflation.

Veterans medical care. The veterans medical care program is most highly prized by veterans. This is so because it is the only program to which all veterans have access in time of need.

That being so, it must also be said that the medical care program that is conducted by the VA is beset with problems.

The essence of the problem is funding; but the lack of funding has both caused and increased a host of other problems that are interfering with the system's ability to fulfill its mission.

Our surveys show consistent staff shortages throughout the system, resulting in marginal delivery of care in some places; inability to activate specialized units, such as intensive care units and nursing home care units; closure of beds and sometimes of wards; terrific pressure on clinics to deal with the volume of patients, oftentimes in physical settings that are not conducive to good patient care; extended delays in acquisition of needed equipment and in completion of badly needed capital improvements. All of these things cry out to be rectified, and it will take money to do it.

Last month we were told by the director of nursing service that on July 27, 1981, 1,148 beds were closed down in the system due to nursing shortage. At that point it would have required the immediate employment of 625 nurses just to open those beds.

We know there are many problems today in the nursing profession, but the fact is that VA is just not competitive with the private sector, either in pay for nurses, or in fringe benefits. What is needed in the nursing service is the flexibility to adjust pay and benefit packages, on a local basis, to allow VA to compete favorably with available nurses. Federal employment is just not flexible enough to do that, and it will not be until Congress steps in and does something about it.

We present this as a further plea to Congress to provide necessary funds.

Office of Management and Budget circular A-76. We are sure the committee is generally familiar with OMB circular A-76, familiarly known as the Contracting Out Circular. Under pressure from OMB, the VA's Department of Medicine and Surgery is now pressing ahead with cost studies of all phases of health care delivery and is preparing to invite competitive bids from the private sector for delivery of services within the system.

The American Legion is firmly of the opinion that the nature and extent of the VA medical care program does not lend itself to the contracting-out theory.

We appreciate the fact that oversight hearings have been scheduled for next month, and it is our hope that Congress will inform the executive branch that the care of the sick and disabled veterans is a Federal responsibility that cannot be transferred to the private sector.

The problem of agent orange. The American Legion has been in the forefront of the effort to come to grips with the problem of agent orange.

Our representatives have appeared on numerous occasions before congressional committees on this subject. With reference to the congressionally mandated study of the health effects of dioxin exposure, the position of the American Legion is that the interests of both, the veterans concerned and of the Government, will be best served if the pending study is undertaken by a totally independent scientific body and is not done under the auspices of the VA as mandated by Public Law 96-151.

The reason for our position is that the dilatory and bureaucratic manner in which the VA has approached the problem has resulted in an almost complete lack of confidence among veterans that VA can or will accomplish a totally scientific, thorough, and unbiased study.

Whether or not that perception is correct, we believe that to insure the study is completed as quickly and thoroughly as possible, and is acceptable to veterans when it is done, it would be better to take the responsibility away from VA and assign it to a scientific body acceptable to the veterans who are involved in this matter.

It is the position of the American Legion that the Government of the United States must be prepared to accept the consequences of its own actions—whatever those may be.

Congress, as the direct representative of the people, should play the leading role in resolving this problem.

Peacetime GI Bill. The Veterans and Armed Services Committees presently have in preparation a new GI Bill that will provide benefits for present and future members of the military services. The American Legion has testified in support of this concept.

It is our judgment that the measure, when enacted, should be considered as a program of the Defense Department rather than as a veterans benefit program.

Special pension for World War I veterans. It is the firm belief of the American Legion that this Nation has no greater obligation than the one it owes to the men and women who served in the First World War. [Applause.]

It is now time, and long past time when Congress should provide a special pension for them. The cost would be manageable, indeed, the cost is small when reckoned against the cost of many other Federal programs.

Restoration of the burial benefit. In the battle of the budget for fiscal year 1982, there was the loss of one basic benefit to which the American Legion objects. We refer here to the burial benefit.

The American Legion will petition Congress to restore the burial benefit, and to increase it from the present $300 to a more appropriate $400. We hope for the support of the committee in that effort.

The economic programs for veterans. One of the cornerstones of the American Legion is the concept of full veterans employment. Recent unemployment figures reveal that the younger, Vietnam-era veteran suffers a higher unemployment rate than his nonveteran counterpart.

Full appropriation must be made available for the design, implementation, and monitoring of veterans employment training programs.

In conclusion, Mr. Chairman and members of the committee, before I conclude these remarks, I believe it is important for me to express to the committee the sincere appreciation of the American Legion for the strong and consistent support, and the bipartisan approach the committee provides to veterans programs. And we are especially grateful to the entire committee staff, on both sides, for the unfailing cooperation with our staff, and the open line of communication we are able to maintain. In our judgment, these things strengthen the efforts of all of us to help veterans.

Mr. Chairman, may I again extend to the committee and staff our invitation to join us this evening at a reception the American Legion is pleased to hold in your honor. It is our way of saying "thank you," and we look forward to the opportunity of welcoming you at that time.

And, finally, Mr. Chairman, we hope the committee will agree with us when we say that in the face of the heavy list of national problems with which Congress must deal, the Nation's veterans must not be forgotten nor slighted.

On behalf of all the members of the American Legion, and of the American Legion Auxiliary, I thank the committee for giving us the opportunity to present our views at this time.

Senator MITCHELL. Thank you very much, Commander Flynt, for a thorough and persuasive statement. I am confident that the committee will pay careful attention to the views that you have expressed here today on behalf of your fellow Legionnaires, and we look forward to working with you and your professional staff in the development of legislation to meet the objectives set forth here today.

Thank you very much on behalf of all the committee. We appreciate your being here today and we appreciate the presence here of so many of your fellow Legionnaires.

Thank you.

Commander FLYNT. Thank you, Mr. Chairman.

[The prepared statement of James W. Flynt, national commander of the American Legion, follows:]

PREPARED STATEMENT OF JACK W. FLYNT, NATIONAL COMMANDER OF THE AMERICAN LEGION

Mr. Chairman and Members of the Committee:

It is an honor for me to appear before the distinguished members of this Committee today, representing the 2.65 million members of The American Legion, and the nearly 1 million members of the American Legion Auxiliary.

We of The American Legion are well aware that the ultimate security of veterans assistance programs rests with the good will and the concern of the Congress of the United States. Historically, it is the Congress that has expressed the will of the American people that the nation's veterans shall not be forgotten. And it is through this Committee that Congress develops the programs that are necessary to the welfare of veterans and their families.

For your continuing concern and for the attention you give to our problems, The American Legion expresses its gratitude to the members of the Committee.

In this statement I will discuss the matters that most immediately demand the attention of the nation's veterans, and for which we need the assistance of the Congress. Attached to the statement, also, is a list of those resolutions adopted at our 1981 National Convention that require legislative action. We will approach Congress regarding those matters during the course of the coming year.

Let me proceed now to those things we believe are most important to veterans affairs at this time.

FUNDING FOR VETERANS ASSISTANCE PROGRAMS

It now appears that funding for veterans programs for Fiscal Year 1982 will approximate $24.8 billion. Although this is about $1.5 billion more than was provided in Fiscal Year 1981, it is in fact a decremental budget, in that it does not fully adjust for the double digit rate of inflation that prevailed during the previous 12 months.

The Veterans Administration Budget comprises less than 3.5% of the total Federal Budget. That is down from more than 5% during the height of the Vietnam War. Now that we are in time of peace, it cannot be said the VA Budget is expanding to consume more of the nation's revenues. The goal of The American Legion is to hold the VA Budget to no less than 3.5% of the total Federal Budget. That is not too much to spend on the 30 million veterans and their dependents who constitute 46% of the national population.

In January the President will send forward his proposed Budget for Fiscal Year 1983. We are apprehensive that in the face of the renewed pledges to cut the Budget further, veterans programs will suffer.

We are well aware that the President and Congress must set the national priorities in the allocation of available funds. Our approach to that fact is very simple. It is our position that veterans assistance programs should rank second only to national defense in the national priorities.

Accepting the fact that national defense is and must always be the first national priority, it logically follows the nation's second concern should be for those who provide the national defense. In other words, those who perform military service, and who are destined to become veterans.

All of America's wars have been fought by the citizen-soldier. That is the American way, and we trust it will continue to be that way. It naturally follows, therefore, that the nation must not forget the soldier who resumes his role as a private citizen.

The American Legion is prepared to state categorically, the nation may expect the care and concern it manifests toward its veterans will determine in large part the enthusiasm with which the people accept the next call to service in a national emergency.

It is our hope and trust this Committee will insist upon fully funding all veterans programs in its presentations to the Budget Committee for the next Fiscal Year. Such funding must be geared to the rate of inflation.

Veterans Education and Assistance programs are gearing down as more Vietnam Era veterans pass their delimiting dates, but all Function 700 programs are viable and must be fully funded. When we have had the opportunity to study the President's recommended figures, we shall hope for the opportunity to present specific suggestions to the Committee for the funding of veterans programs for Fiscal Year 1983.

VETERANS MEDICAL CARE

The crowning jewel of all veterans programs is the veterans medical care program. That is true because it is the centerpiece of all the programs administered by the Veterans Administration. It is the Department of Medicine and Surgery that is the heart and soul of the VA.

The veterans medical care program is also most highly prized by veterans. This is so because it is the only program to which all veterans have access in time of need. It is a fact that most veterans have never been in a veterans hospital. All veterans hope they will never have to go to one. But it is also true that all veterans rely on the fact that their medical care program will be available to them in time of need - especially in the face of a catastrophic illness that could not only take their life, but could wipe them out economically in a matter of weeks.

All that being so, it must also be said that the medical care program that is conducted by the VA is beset with problems. It is still the largest, most comprehensive, integrated medical care program in the nation. Its features of clinical care, research and education continue to function in essential fashion. But it is becoming ever more difficult for it to maintain the standard of excellence that is expected of it, and that the nation's veterans deserve.

The essence of the problem is funding, but the lack of funding has both caused and exacerbated a host of other problems that are interfering with the system's ability to fulfill its mission. Those problems are too numerous to detail in this statement. I will mention some of them to illustrate the point, but we of the Legion would suggest to the Committee it is time for an in-depth study of the Department of Medicine and Surgery to determine comprehensively the nature and extent of the problems it is confronting. Let me make clear, however, that we do not want another study such as the one completed by the National Academy of Sciences in 1977 - that used the opportunity to call into question the validity of the program itself. That matter has already been settled. What we would like to see now is a technical study of the system in all of its aspects, by a competent, professional study source. The objective would be to establish a priority list of what needs to be done to bring the system into the front rank of medical science in today's world, and to make it what it has been in the past, the pioneer in "state of the art" health care delivery.

It is certainly not that now. And let me say at this point The American Legion gives full credit to Congress for adoption of Public Law 96-330, the Physicians Pay Act of 1980, over the veto of then President Carter. That Act has worked to alleviate what was developing into a critical shortage of physicians in the system. And it must be said again that nothing must be allowed to interfere with the full implementation of PL 96-330.

But even with the Physicians Pay Act, there are still critical problems in the system. Most of these involve shortages of staff in virtually all of the Medical Centers, shortages of needed equipment in both clinical and research areas, curtailment of specialized programs due to shortage of funds, and protracted delays in capital improvements needed to maintain the system's physical plant - a plant that is a multi-billion dollar investment of the nation.

During 1981, so far, Field Representatives of The American Legion have completed surveys in 42 VA Medical Centers. We expect to complete an additional 24 surveys by the end of the year. We would commend the findings of those surveys to the attention of the Committee, because they are significantly revealing of the problems that exist throughout the system.

Our surveys show consistent staff shortages throughout the system, resulting in marginal delivery of care in some places; inabililty to activate specialized units, such as Intensive Care Units and Nursing Home Care Units; closure of beds and sometimes of wards; terrific pressure on Clinics to deal with the volume of patients, oftentimes in physical settings that are not conducive to good patient care; protracted delays in acquisition of needed equipment and in completion of badly needed capital improvements. All of these things cry out to be rectified, and it will take money to do it.

What we are running now in the VA Department of Medicine and Surgery is a holding operation. The Chief Medical Director has said that he cannot continue to run a first class system on decremental budgets, which means he is not getting enough money each year to make up for the loss of dollar value due to inflation.

Last month we were told by the Director of Nursing Service that on July 27, 1981, 1148 beds were closed down in the system due to the nursing shortage. At that point it would have required the immediate employment of 625 nurses just to open those beds. We know there are many problems today in the nursing profession, but the fact is that VA is just not competitive with the private sector, either in pay for nurses or in fringe benefits. What is needed in the nursing service is the flexibility to adjust pay and benefit packages, on a local basis, to allow VA to compete favorably for the available nurses. Federal employment is just not flexible enough to do that, and it will not be unless Congress steps in and does something about it.

Acquisition of modern equipment is badly lagging. VA is far behind the private sector in development of computerized health information systems - and this is the way modern medicine is being practiced.

There is a shortage of CAT Scanners in the system. In hospital after hospital our surveys found use of CAT Scanners being done on a contract basis with the private sector, at exorbitant cost to the

Government. Acquisition of a Scanner would be the most economical course, to say nothing of risks to patients who are too critically ill to be moved by ambulance. Doctors in today's modern medicine will not practice without access to CAT Scanners. Much is said about sharing of CAT Scanners, especially with other Federal hospitals, such as the military hospitals. That is alright, but it does not allow for the problems of scheduling or for the problem of moving critically ill patients. What is the Government's answer to the family of a patient who is lost by reason of inability to complete diagnosis and institute treatment in timely fashion?

The renovation and replacement schedule in the construction program is badly lagging for lack of funds. Center after Center needs renovation, rehabilitation, expansion of facilities, new wings, new nursing homes, new domiciliaries, new clinics, new intensive care units, replacement hospitals.

The Government made a bad mistake this year when it cancelled the Baltimore replacement hospital and the new Camden hospital. The old Fort Howard hospital in Baltimore is outdated and needs to be replaced by a hospital configured for the practice of modern medicine, contiguous to the University of Maryland Medical School. Camden is the only new hospital that is scheduled for the system. It is to be a prototype for the practice of geriatric medicine - a type of medicine that not only confronts the veteran population, but the entire American people. The Administration arbitrarily chose those hospitals for cancellation. Of course, any improvements in the system can be cancelled on the whim of OMB. But if Congress allows that to go on, then the entire system will inevitably deteriorate, until it becomes a system for human warehousing - which is what it was before World War II. Such an eventuality is intolerable to The American Legion, as we are sure it is to this Committee. To avoid that, renovation and replacement must go forward on schedule.

Public Law 96-330, in section 401, establishes a new restriction on provision of care to certain nonservice-connected cases. The American Legion did not support the inclusion of that restriction in the law because we thought it was unnecessary and would be administratively cumbersome. VA is now preparing to implement the restriction, and our preliminary study of the proposed regulation strengthens our apprehension. It is going to confuse and discourage applicants for care. We hope it does not result in denial of care to veterans with catastrophic illnesses who may either go without needed care, or be economically devastated prior to death, leaving their families dependent on public resources - at ultimate cost to the Government.

We present this evaluation of the veterans medical care program at a time when that program faces perhaps the greatest challenge since shortly after the end of World War II. There are now 12½ million veterans of WW II, whose average age is 61. They are coming into that time of life when they will become increasingly susceptible to the catastrophic illnesses that accompany advancing age - cancer, heart disease, stroke, among others. These are the illnesses that will force many of these veterans to turn to the VA for care - something they have not had to do before this time.

And by the time VA meets this challenge, if indeed it does meet the challenge, then the Vietnam generation, 9½ million strong, will itself be reaching an age when it also will need increasingly to utilize the VA's medical care program.

These demands for medical care have been created by the fact that America has had four wars in this century, and has created a veteran population in excess of 30 million. Care for those veterans who will need and seek it is an inevitable cost of the wars in which the nation has engaged. It is our confidence that Congress, representing the people, will not forget that fact.

Before completing a discussion of the veterans medical care program, we should mention the fact that both Congress and the Executive Branch are now giving active consideration to the need to designate the VA Department of Medicine and Surgery as the principal back-up resource to the Defense Department, to provide immediate care for battlefield casualties in event of an outbreak of hostilities overseas.

The fact is that the Defense Department has now gotten itself into a situation in which it could not handle the first day's casualties in a new war. The Defense Department is negotiating both with the private sector (which is overbedded in many places) and with VA to provide immediate medical care in event of an emergency. The American Legion supports the concept that VA should in fact be the primary back-up resource. VA Medical Centers are best equipped, both in configuration and in equipment and staffing, to deal with the type of trauma cases that would result from military hostilities. Also, VA is more flexible in adjusting its patient loads, as would be required in an emergency.

While supporting use of VA as a back-up to the Defense Department, we do support also, the need for legislative authority for VA to be able to enter into contracts with private sector hospitals, in case of an emergency, to see that service-connected cases do not go without care while VA provides care for military casualties.

A significant feature of this entire discussion of a VA role in National Defense, is that it strengthens our argument that the physical plant of the Department of Medicine and Surgery must be kept up. If that plant is allowed to deteriorate any more than it already has, then the VA will not only be unable to fulfill its present mission, but it will never be ready to assist the military in a time of national emergency.

We present this as a further plea to Congress to provide necessary funds, and to insist that the Executive Branch proceed with the renovation and replacement program that is now badly behind schedule.

OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-76

We are sure the Committee is generally familiar with OMB Circular A-76, familiarly known as the Contracting Out Circular. Under pressure from OMB, the VA Department of Medicine and Surgery is now pressing ahead with cost studies of all phases of health care delivery and is preparing to invite competitive bids from the private sector for delivery of services within the system.

In all, VA will be required to complete 4000 studies - requiring a minimum of 1000 man-years of work, costing in the multiple millions of dollars. Initially, some 37,000 VA employees will be potentially affected in the contracting-out process, and of these at least 37% will be veterans.

Based on our surveys we can tell the Committee that already the studies are having an adverse effect on employee morale, as VA employees see their jobs being placed in jeopardy. This inevitably impacts on patient care.

The American Legion is firmly of the opinion that the nature and extent of the VA medical care program does not lend itself to the contracting-out theory. The responsibility for and delivery of care to sick and disabled veterans is an essential responsibility of the Federal Government. It cannot be entrusted to the private sector. Quality of care, and assurance of delivery cannot be entrusted to a private business firm that does not share the responsibility for or the commitment to the mission of the VA. For example, what would VA do in the face of a strike by a private firm operating in a VA hospital? If it happened in the food service there would be patients going without meals or special diets. OMB says no one would strike in a veterans hospital. Can OMB guarantee that expectation? We think not. And who is to answer if a patient should die for lack of provision of a special diet? Also, VA cannot guarantee delivery of quality food unless it can manage both procurement and preparation. We use food service as only one example. We can provide valid objections to contracting-out of practically every service that is provided in a veterans hospital - particularly any service involving direct patient care.

We must say that in our judgment the contracting-out process is just not suitable for veterans hospitals. VA cannot respond to our objections in the face of orders from OMB to proceed in this direction. What is needed here is for the Committees of Congress to take a hand in this matter. We recommend that oversight hearings be scheduled promptly, and that the Congress inform the Executive Branch that the care of sick and disabled veterans is a Federal responsibility that cannot be transferred to the private sector. We think then perhaps, OMB will exempt VA from implementation of Circular A-76.

THE PROBLEM OF AGENT ORANGE

The American Legion has been in the forefront of the effort to come to grips with the problem of Agent Orange. There are two questions to be answered in this connection:

1. What are the health effects of Agent Orange on those veterans exposed?

2. What action must the Government take to deal properly with those effects?

At the present time we are collecting reports from veterans who have had Agent Orange examinations by VA physicians, in order to determine whether the examinations appear to have been satisfactory. Also, our Field Representatives are checking at VA Medical Centers, to determine whether the examinations are being performed in a thorough and compassionate manner.

American Legion representatives, including our Medical Consultants, are serving on various governmental committees that are working on the Agent Orange problem.

Our representatives have appeared on numerous occasions before Congressional Committees on this subject. With reference to the Congressionally-mandated study of the health effects of dioxin exposure, the position of The American Legion is that the interests of both the veterans concerned and of the Government will be best served if the pending study is undertaken by a totally independent scientific body, and is not done under the auspices of the VA as mandated by PL 96-151. The reason for our position is that the dilatory and bureaucratic manner in which the VA has approached the problem has resulted in an almost complete lack of confidence among veterans that VA can or will accomplish a totally scientific, thorough and unbiased study. Whether or not that perception is correct, we believe that to insure the study is completed expeditiously and thoroughly, and is acceptable to veterans when it is done, it would be better to take the responsibility away from VA and assign it to a scientific body acceptable to the veterans who are involved in this matter.

When the study is completed, Congress must address the problem legislatively and take whatever action is necessary to insure proper and adequate health care for those who need it, both now and in the future, and to provide adequate compensation and any other benefits indicated for those who have been affected by exposure.

The problem of Agent Orange indeed is not a simple one, and there are many unanswered questions. Because of the slowness with which the Government, both at VA and in the Department of Defense, approached the problem, uncertainty, hostility and fear have been generated among many veterans who served in Vietnam. These apprehensions must be allayed.

It is the position of The American Legion that the Government of the United States must be prepared to accept the consequences of its own actions - whatever those may be. As in the case of radiation exposure - which is a whole other problem, asbestos exposure, and other toxic substance exposures, this Government simply cannot subject its citizens to these substances and then try to ignore or escape the consequences. That is just not the way our Government is supposed to function.

Congress, as the direct representative of the people, should play the leading role in resolving this problem.

In the 97th Congress, there are two pending versions of H.R. 3499, both of which are designed to provide at least a priority for medical care to veterans who may have suffered health effects of toxic substance exposure. The American Legion will support the language of the final bill on which the Congressional Committees agree. We urge this legislation be finalized and promptly sent to the President, as a matter of reassurance to veterans that the Government of the United States does indeed care about its veterans.

PEACETIME GI BILL

The Veterans and Armed Service Committees presently have in preparation a new GI Bill that will provide benefits for present and future members of the military services. The American Legion has testified in support of this concept. Although we are essentially a war veterans organization, we have taken an interest in this legislation as a recruitment and retention measure.

It is our judgment that the measure, when enacted, should be considered as a program of the Defense Department rather than as a veterans benefit program. It is important to us that the cost of veterans assistance programs should in all instances be identifiable as a cost of war. For that reason, it is our recommendation that the Peacetime GI Bill be funded through Defense appropriations, though it may be administered by VA for the simple reason that VA now has the administrative machinery in place to handle the program.

SPECIAL PENSION FOR WORLD WAR I VETERANS

It is, in our judgment, a significant commentary on the course of American history in the 20th Century that in this statement we should proceed from a discussion of the problems of Agent Orange and the need for a peacetime GI Bill, to the need for a special pension for those who served in the first American war of this century.

It is the firm belief of The American Legion that this nation has no greater obligation than the one it owes to the men and women who served in the first World War. Not only did they found The American Legion, but they worked hard to establish the many benefit programs that have been provided to the veterans of later wars. They set an example of patriotism and selfless dedication to God and Country, and to their comrades that is unmatched in the military history of the nation.

There was no GI Bill for the returning veterans of World War I. There was not for them the magnificent health care system that awaited their comrades of later wars. In the mid-nineteen thirties, some among their number were driven out of Washington at the point of the bayonet because, in the midst of the Great Depression, they exercised their constitutional right to petition their Government for a war bonus. These surviving veterans spent most of their working lives in the Great Depression, when wages were low, and they were not able to build up a measure of personal security to carry them through their later years. Now, many of them find themselves living at the margin of poverty - at a bare subsistence level.

Today, according to latest VA figures, there are 461,000 World War I veterans surviving of 4½ million who served. This country has a special obligation to them. It is now time, and long past time when

Congress should provide a special pension for them. The cost would be manageable. Indeed the cost is small when reckoned against the cost of many other Federal programs.

In accordance with its mandate, The American Legion is in support of H.R. 1153, a bill to provide a special pension for WW I veterans. Today we urge this Committee to undertake the noble gesture, the generous act, and to enact this or similar legislation that will recognize the special debt of honor owed to the veterans of World War I. In all conscience, let us do it now before it is too late.

RESTORATION OF THE BURIAL BENEFIT

In the battle of the Budget for Fiscal Year 1982, while the Administration and the Congress did generally coöperate to protect veterans programs, there was nevertheless the loss of one basic benefit to which The American Legion vehemently objects. We refer here to the burial benefit.

This benefit was first established by the World War Veterans Act of 1924, and has been provided ever since, until now. The basic rationale behind the benefit is to assure that every veteran will be buried with dignity and respect. However, the benefit, as it was established and maintained, was not predicated on economic status at time of death. Certainly, The American Legion has always adhered to the principle of equal benefits for equal service. And we are convinced this is the fairest and most equitable way for Congress to treat these matters.

Now, after 67 years, Congress has attached an economic qualifier to the bruial benefit. The result of this action is that the benefit will be denied to 90% of all honorably discharged veterans. This is not fair and it is not right. It is not proper that the Government's assurance of dignified burial for all veterans shall be sacrificed on the altar of fiscal austerity.

We wonder whether Members of Congress stopped to consider, when they abolished this benefit, that perhaps the majority of all war veterans do not in fact approach their Government for any benefit based on their service - most veterans take care of themselves from the date of discharge to the date of their death. This burial benefit is the only single benefit that many thousands of veterans will ever receive from their Government, the only monetary recognition of their service. To deprive them now of that single benefit is not becoming to a Government that proclaims its concern for all its veterans.

The American Legion will petition Congress to restore the burial benefit, and to increase it from the present $300 to a more appropriate $400. We hope for the support of this Committee is in that effort.

ECONOMIC PROGRAMS FOR VETERANS

One of the cornerstones of The American Legion is the concept of full veterans employment. This precept is equally true now as it was in 1919. The American Legion recognizes the fact that no veteran is truly rehabilitated until he or she is economically self-sufficient in a way that provides for the veteran, and his/her family a satisfying form of work that lends dignity and a decent standard of living.

Recent unemployment statistics reveal that the younger, Vietnam Era veteran suffers a higher unemployment rate than his non-veteran counterpart. Moreover, the unemployment rate for disabled veterans although not officially tracked, has been conservatively estimated at over 20 percent.

Federal manpower and training programs have, traditionally, never responded to the special employment training needs of veterans. Take, for example, the present case with CETA. At no time were veterans, especially Vietnam Era veterans and disabled veterans, a viable part of the program. CETA, as you know, is a youth-oriented program with other target groups added as an afterthought. During FY 1980 of all the CETA programs involving over 2 million participants, only 10 percent were veterans, with only 4 percent being Vietnam Era veterans. This was due in part to the restrictive nature of CETA requirements. For example, Vietnam Era veterans had to be 35 years or younger when most Vietnam Era veterans are 35 years and older. Programs were not designed with their specific employment training needs in mind. Like other target groups, veterans had to wait an unreasonable length of unemployed time before being eligible; and when and if they were fortunate enough to be accepted into a program, the program usually had no application to local economic conditions and paid far too little to support the veteran and his family.

Yet there is a disturbing irony here, as parolees, ex-offenders and resident aliens are offered a multitude of CETA programs with few restrictions. This situation is both deeply troubling and infuriating.

The American Legion has previously made the statement that we will not mourn the passing of CETA and we reiterate that position today. We endorse the Administration's proposal to implement a manpower program which allows states and localities maximum discretion on how best to utilize federal funds. However, given past state and local concern for the plight of their unemployed veterans, it is imperative that, from a federal perspective, veterans must be a top national priority in both intent and substance. The time for lip service is over. The unemployment concerns of veterans, and especially those of the Vietnam Era veterans and disabled veterans, are real and now. This country can no longer afford to forget the one group that has sacrificed more for the nation. Full appropriations must be made available for the design, implementation and monitoring of veterans employment and training programs.

This feeling was unanimously supported by The American Legion at its just completed sixty-third annual convention. A host of resolutions dealt with the block grant concept and specific and meaningful veteran involvement, as well as the active participation of the Veterans Employment Service in the implementation of veterans employment training programs.

This would, of course, include all those programs and personnel under the Assistant Secretary for Veterans Employment, such as Disabled Veterans Outreach Program personnel, Local Veterans Employment Representatives, State/Assistant State Directors for Veterans Employment, Regional Directors for Veterans Employment and the Job Service. These aforementioned personnel and programs are an integral part of the veterans employment concept and deserve sufficient funding and full agency support to carry out the mandates of Chapter 41 of title 38. The VES must be provided with sufficient funds to design, implement and monitor veterans employment/training programs as the above Chapter requires. The VES must be moved from a passive role to an active role; it must lead the way in all veterans employment training programs.

The Legion also adopted resolutions concerning other economic issues to include resolutions dealing with the Small Business

Administration and "special consideration" for veterans under PL 93-237. There is a growing veteran demand for SBA programs; yet, since 1974, the agency has done little, if anything, for veterans. They are treated like everyone else. This, in our estimation, is not what Congress intended in enacting PL 93-237. There is no doubt that the agency cannot place itself above the mandates of federal law; it must comply with the law. Nonetheless, we have been patient and are currently working with SBA to bring about a meaningful veterans program.

The Legion has also previously pledged its resources to work with any government agency to ensure a substantive veterans employment training program, but we also pledge our resources to defeat any measure that would not bring about a meaningful program.

CONCLUSION

Mr. Chairman and Members of the Committee, we have presented here those matters involving veterans affairs that we consider to be urgently important at this time. Beyond what has been discussed in this statement, the agenda for veterans programs includes a number of matters of importance for which we hope to gain the attention of Congress during the coming year. Among these are cost-of-living adjustments in compensation for the service disabled and the survivors of the service deceased, and needed improvements in the death and disability pension program.

A list of the legislative goals that were set for our organization by our recently concluded National Convention are appended to this statement. We commend them to the attention of the Committee. We will submit them in the form of proposed legislation, for consideration as the Committee's schedule permits.

We hope the Committee will agree with us when we say that in the face of the heavy list of national problems with which Congress must deal, the nation's veterans must not be forgotten nor slighted.

The Congress will find The American Legion supportive of the efforts of the National Government to deal with the grave problems that confront the nation. We believe that veterans must not be forgotten because in the final analysis these are the men and women on whom the nation must rely in the ultimate test - when the national security is at stake. There is no higher obligation of citizenship, and that obligation begets a responding obligation of the nation to see to the welfare of those who serve, when that service has been completed.

On behalf of all the members of The American Legion, and of the American Legion Auxiliary, I thank the Committee for giving us the opportunity to present our views at this time.

NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION RESOLUTIONS THAT REQUIRE LEGISLATIVE ACTION

POLICY

SUPPORT LEGISLATION TO CAUSE VETERANS BENEFITS TO RESPOND TO INFLATION

1979 Fall NEC Resolution No. 4 urges The American Legion to petition the Congress to undertake legislation to cause veterans benefits to respond to inflation.

OPPOSE INCLUDING THE VA MEDICAL CARE PROGRAM IN A NATIONAL OR STATE COST CONTAINMENT PROGRAM

1980 Spring NEC Resolution No. 4 urges The American Legion to oppose any legislation that would include the VA medical and hospital care program under any national or state hospital cost containment program.

VETERANS ADMINISTRATION BUDGET

1981 Convention Resolution No. 233 (MN) urges the President of the United States and the Congress to give high priority to the budgetary needs of the Veterans Administration to administer and provide the benefits authorized by law.

THE AMERICAN LEGION POLICY ON AGENT ORANGE

1981 Convention Resolution No. 387 (WA) urges that The American Legion continue to support legislation in Congress on the studies and research being conducted on Agent Orange; to support legislation to establish a mechanism for presumption of service connection for certain disabilities traced to Agent Orange; and, to closely monitor the development of all ongoing research of the long-term health effects of Agent Orange.

OPPOSE LEGISLATION PROVIDING FOR THIRD PARTY REIMBURSEMENT BY THE VETERANS ADMINISTRATION

1980 Convention Resolution No. 312 (OH) urges The American Legion to oppose the enactment of legislation providing for third party reimbursement of the cost of medical care provided by the Veterans Administration to eligible veterans.

OPPOSE JUDICIAL REVIEW OF THE DECISIONS OF THE VETERANS ADMINISTRATION

1980 Convention Resolution No. 318 (OH) urges that The American Legion shall continue to oppose the enactment of any measure that would amend 38 USC 211(a) so as to authorize judicial review of the decisions of the Administrator of Veterans Affairs.

OPPOSE THE EFFORTS OF CERTAIN PERSONS OR GROUPS OF PERSONS TO ACQUIRE THE DESIGNATION OF "VETERAN"

1980 Convention Resolution No. 344 (VA) urges The American Legion to oppose the efforts of any person or groups of persons to acquire designation as veterans on the basis of service rendered to the United States during a period of war or armed conflict, such service not having been rendered in the active military, naval or air service of the United States.

OPPOSE REDUCTION OF VA BENEFITS TO CERTAIN PHILIPPINE VETERANS

1980 Convention Resolution No. 397 (PI) urges that The American Legion strongly oppose any administrative or legislative proposals that would reduce VA benefits to Philippine Commonwealth Army, Recognized Guerrillas and PL 190 Philippine Scouts veterans.

REOPENING OF THE GUERRILLA RECOGNITION PROGRAM

1980 Convention Resolution No. 403 (PI) urges The American Legion to support legislation for the reopening of the Guerrilla Recognition Program of the Commonwealth of the Philippines by the Department of Defense of the United States.

VIETNAM ERA VETERAN LEGISLATION

1980 Convention Resolution No. 439 (MN) calls upon The American Legion to support benefits and legislation pertaining to the Vietnam veteran consistent with those given all previous returning war veterans.

ADEQUATE FUNDING OF THE VETERANS ADMINISTRATION HEALTH CARE CONSTRUCTION PROGRAM

1980 Convention Resolution No. 579 (NM) urges the Congress to provide sufficient budget authority each year to enable the VA to carry out a planned program of maintaining an up-to-date system of health care facilities and one suited to its mission of providing medical services for the nation's veterans.

ADEQUATE FUNDING OF THE VETERANS ADMINISTRATION MEDICAL RESEARCH PROGRAMS

1980 Convention Resolution No. 580 (NM) urges the Congress to authorize adequate budget funding in Fiscal Year 1981 and in future years of the Veterans Administration medical research program.

OPPOSE LEGISLATION WHICH WOULD PROVIDE VETERANS BENEFITS TO THOSE FORMER MEMBERS OF THE ARMED FORCES WHO WERE ABSENT WITHOUT LEAVE FOR 180 DAYS OR MORE

1980 Convention Resolution No. 582 (NM) urges The American Legion to oppose any legislation that would remove the restriction contained in 38 USC 3103(a) denying benefits to those veterans who were held as a deserter, or who were absent without authority from active duty for a period of 180 days or more.

OPPOSE LEGISLATION AS WOULD FURTHER ERODE THE DISTINCTION IN BENEFITS AND SERVICES PROVIDED WAR VETERANS

1980 Convention Resolution No. 668 (WI) urges The American Legion to oppose enactment of any legislation which will further destroy the distinction in veterans benefits and services between those who served in the Armed Forces during a period of war or armed conflict and those who served in such forces in time of peace.

THE AMERICAN LEGION POLICY ON NATIONAL HEALTH INSURANCE

1980 Convention Resolution No. 670 (WI) seeks to provide that any National Health Insurance legislation enacted by Congress should include the following: (1) that the medical care program operated by the VA is recognized as one providing health care services exclusively for veterans, and it shall continue to be so maintained and operated; (2) that a veteran applying for medical care from the VA, to which he is otherwise entitled, and who, in accordance with existing law and regulation is required to state his inability to pay for his own care, shall not be required to consider, in making such statement, any medical benefits that would accrue to him under the provisions of a Federal Health Care Act; (3) that if the provisions set forth above are included in a Federal Health Care Act, then The American Legion shall make no objection to any section of the Act providing for reimbursement rendered the veteran for nonservice-connected disabilities of benefits to which the veteran may be entitled under a Federal Health Care Act; and, (4) that The American Legion shall actively oppose the enactment of a Federal Health Care Act that does not include the provisions set forth in clauses (1) and (2).

PROVIDE SUFFICIENT VA HEALTH CARE FACILITIES FOR THE TREATMENT AND CARE OF THE NONSERVICE-CONNECTED DISABILITIES OF WAR VETERANS

1980 Convention Resolution No. 705 (CA) urges the Congress to provide sufficient VA health care facilities for the treatment and care of the nonservice-connected disabilities of war veterans.

OPPOSE THE MERGING OF THE PAYMENT OF VA BENEFITS WITH ANY OTHER FEDERAL AGENCY

1980 Convention Resolution No. 706 (CA) urges The American Legion to exert every effort, influence, and resource available to assure rejection of any administrative or legislative proposal that would in any manner, merge the administration and payment of veterans benefits from the VA with those administered by the Social Security Administration, Department of Health and Human Services, or any other Federal Agency.

CABINET RANK FOR ADMINISTRATOR OF VETERANS AFFAIRS

1980 Convention Resolution No. 707 (CA) seeks legislation so as to make the Veterans Administration an Executive Department.

A COMPREHENSIVE HEALTH CARE PROGRAM FOR THE AGING VETERAN

1980 Convention Resolution No. 708 (CA) urges the Veterans Administration to plan and develop a comprehensive health care program and related services for the aging veteran.

OPPOSE EFFORTS THAT WOULD CURTAIL NEW CONSTRUCTION OR RENOVATION OF VA MEDICAL CENTERS

1980 Convention Resolution No. 741 (IA) urges The American Legion to oppose any legislative or administrative procedures that would stop all new construction or renovation of VA medical centers.

THE AMERICAN LEGION POLICY REGARDING FEDERAL SOCIAL SECURITY PROGRAMS

1981 Convention Resolution No. 244 (OH) reiterates its policy regarding Federal Social Security Programs, and shall not adopt positions relating to programs operating under the Social Security Act unless such positions directly affect veterans and their dependents as a class.

OPPOSE ANY CONSOLIDATION OF VETERANS ADMINISTRATION REGIONAL OFFICES

1981 Convention Resolution No. 260 (IA) urges The American Legion to oppose any proposal, from whatever source, that would consolidate or centralize the operations of the Veterans Administration Regional Offices.

OPPOSE CONTRACTING OUT OF SERVICES IN VETERANS ADMINISTRATION MEDICAL CARE FACILITIES

1981 Convention Resolution No. 297 (DC) urges The American Legion to oppose the contracting out of those services or activities deemed essential for retention in VA medical care facilities in order to insure the timely delivery of quality health care to the nation's eligible veterans.

THE AMERICAN LEGION POLICY ON "MAINSTREAMING MEDICAL SERVICES TO THE VETERAN"

1981 Convention Resolution No. 316 (OR) reiterates its faith and trust in the veterans medical care program, as the best and most cost-efficient system to meet its fundamental obligation to look to the welfare of the service disabled and of sick and disabled veterans who have need of and apply for care within that system.

OPPOSE CLOSING OF UNITED STATES PUBLIC HEALTH SERVICE HOSPITALS

1981 Convention Resolution No. 521 (AL) urges The American Legion to support the continuation, maintenance and retention of the U.S. Public Health Service clinics and hospitals.

OPPOSE CLOSING OF VETERANS ADMINISTRATION'S VET CENTERS

1981 Convention Resolution No. 559 (CO) urges The American Legion to oppose any measure to reduce the funding and staffing of the Veterans Administration Vet Centers.

NATIONAL CEMETERIES

THE NATIONAL CEMETERY POLICY OF THE AMERICAN LEGION

1980 Convention Resolution No. 540 (GA) calls upon the VA to establish additional cemeteries wherever a need for them is apparent; support legislation to provide contract burials for veterans who are indigent at time of death; support legislation to provide Federal financial assistance for the establishment of State Veterans' Cemeteries, and of Veterans' Sections in cemeteries owned and operated by local governmental units; support legislation for the construction of columbaria and mausoleums wherever feasible within national cemeteries; oppose any effort, from whatever source, to reduce or eliminate the present burial allowance and plot allowance provided to veterans under the laws and regulations administered by the VA, or the reduction or elimination of the earned burial benefit payable to all citizens who qualify for it under the Social Security Act as amended; and, continue to urge upon the Department of Defense that the only equitable policy for burials at Arlington National Cemetery is the admission thereto of all war veterans whose service was honorable.

MEDICAL AND HOSPITALS

ADEQUATE FUNDING FOR STATE VETERANS' HOMES

1980 Convention Resolution No. 9 (VT) urges The American Legion to support legislation to provide adequate funds for construction, remodeling and renovation of State Veterans' Homes.

INCREASE PER DIEM RATES TO STATE VETERANS' HOMES

1980 Convention Resolution No. 10 (VT) urges The American Legion to sponsor and support legislation to amend title 38,USC,to promote the care and treatment of veterans in State Veterans' Homes.

EXTEND COMMUNITY NURSING HOME CARE AT VA EXPENSE TO NINE MONTHS

1980 Convention Resolution No. 151 (KY) seeks legislation to amend title 38, USC, to extend community nursing home care at VA expense to nine (9) months.

PROVIDE CERTAIN BENEFITS TO CANADIAN VETERANS AND THEIR WIDOWS

1980 Convention Resolution No. 316 (OH) seeks legislation so as to provide that the Administrator of Veterans Affairs may provide benefits to Canadian Armed Forces veterans and their widows equal to those presently provided by the Dominion of Canada to veterans of our Armed Forces and their widows residing in the Dominion of Canada.

ALCOHOL AND DRUG TREATMENT FOR CERTAIN VETERANS

1980 Convention Resolution No. 345 (VA) urges the Congress in funding VA health care programs to assign a high priority to the VA Alcohol and Drug Treatment and Rehabilitation Programs.

EXTEND GRANT-IN-AID PROGRAM TO THE VETERANS MEMORIAL HOSPITAL IN THE PHILIPPINES

1980 Convention Resolution No. 399 (PI) urges legislation to extend beyond September 30, 1981, the grant-in-aid program to the Veterans Memorial Hospital, Philippine Islands.

CLAIMS AND RATING

TRANSPORTATION COSTS FOR BURIAL OF CERTAIN VETERANS

1980 Convention Resolution No. 28 (NE) seeks legislation to provide that where an eligible veteran dies in a State Veterans' Home, the Administrator of Veterans Affairs shall pay the cost of transporting the remains to place of burial.

PAYMENTS TO HOSPITALIZED INCOMPETENT VETERANS

1980 Convention Resolution No. 30 (NE) seeks legislation to provide that payments made to a hospitalized incompetent veteran will not be terminated unless his estate exceeds $3,000, and that such payments shall be resumed when the estate is reduced to $1,000.

RESTORE THE PAYMENT OF BURIAL ALLOWANCE AND INCREASE THE AMOUNT PAYABLE

1981 Convention Resolution No. 336 (WI) seeks legislation to restore the payment of burial allowance for all veterans who have served honorably in time of war or national emergency; oppose any effort to associate with or substitute the veterans burial allowance with the Social Security burial allowance; and, increase the burial allowance for veterans to $400 plus the $150 plot allowance.

ARMED FORCES RETIREMENT PAYMENTS

1980 Convention Resolution No. 539 (GA) seeks legislation to amend 38 USC 3104 so as to remove the restriction against the receipt of Armed Forces retirement pay, due to length of service, concurrently with VA compensation.

INCREASE MONTHLY RATES OF DEPENDENCY AND INDEMNITY COMPENSATION

1980 Convention Resolution No. 543 (GA) urges The American Legion to sponsor and support legislation to increase the monthly rates of dependency and indemnity compensation.

CLAIMS FOR SOCIAL SECURITY BENEFITS AND VETERANS ADMINISTRATION BENEFITS

1980 Convention Resolution No. 772 (Convention Committee) seeks legislation to amend section 3005, title 38, USC, to include survivors of veterans who, under certain conditions, are not required to file an application for Social Security benefits based upon the death of a disabled veteran.

IMPROVE THE DISABILITY COMPENSATION PROGRAM

INCREASE MONTHLY RATES OF DISABILITY COMPENSATION

1980 Convention Resolution No. 149 (KY) urges The American Legion to sponsor and support legislation to increase the monthly rates of disability compensation.

PROVIDE A SEVEN YEAR PRESUMPTION FOR SYRINGOMYELIA

1980 Convention Resolution No. 314 (OH) seeks legislation to provide that Syringomyelia developing a 10 per centum degree of disability or more within seven years from the date of separation from a period of war service shall be considered to have been incurred in or aggravated by such service.

ADD THE LOSS OF ONE LUNG OR ONE KIDNEY TO THE LIST OF ANATOMICAL LOSS OR LOSS OF USE DISABILITIES

1980 Convention Resolution No. 541 (GA) seeks legislation to amend 38 USC 314(k) to include the loss of one lung or loss of one kidney to the list of anatomical loss or loss of use disabilities.

ADD LUPUS ERYTHEMATOSIS TO THE LIST OF CHRONIC DISEASES

1980 Convention Resolution No. 581 (NM) urges legislation to provide service connection for Lupus Erythematosis becoming manifest to a degree of 10 percent or more within one year from the date of separation from a period of war service.

ADAPTIVE AUTOMOBILE EQUIPMENT FOR CERTAIN VETERANS

1980 Convention Resolution No. 667 (WI) seeks legislation to provide adaptive automobile equipment to service-connected veterans whose knees or hips are ankylosed at favorable angles and are required by motor vehicle licensing laws to obtain such equipment.

PROTECTION OF DISABILITY COMPENSATION RATINGS IN EFFECT FOR 10 YEARS OR MORE

1981 Convention Resolution No. 26 (TN) seeks legislation to provide that any disability which has been continuously rated at or above any evaluation for ten or more years for compensation purposes shall not thereafter be rated at less than such evaluation.

OPPOSE THE ELIMINATION OR REDUCTION OF DISABILITY COMPENSATION PAYMENTS

1981 Convention Resolution No. 176 (ND) urges The American Legion to oppose any attempt to restructure the disability compensation program in any manner which would be detrimental to veterans with service-connected disabilities.

CLOTHING ALLOWANCE TO CERTAIN VETERANS WITH SERVICE-CONNECTED SKIN CONDITIONS

1981 Convention Resolution No. 251 (OH) seeks legislation to provide for the payment of a clothing allowance to certain veterans with a compensable skin condition.

IMPROVE THE DEATH AND DISABILITY PENSION PROGRAM

SPECIAL PENSION PROGRAM FOR WORLD WAR I VETERANS

1980 Convention Resolution No. 669 (WI) seeks legislation to amend title 38, USC, so as to provide a special pension program for veterans of World War I.

IMPROVE THE PENSION PROGRAM FOR VETERANS AND THEIR DEPENDENTS

1981 Convention Resolution No. 250 (OH) urges The American Legion to sponsor and support legislation to amend title 38, USC, Chapter 15, to further improve the disability and death pension program for veterans and their dependents.

RESTORE THE END OF THE YEAR RULE FOR PENSION PURPOSES

1980 Convention Resolution No. 745 (IA) seeks legislation which would restore the end of the year rule in place of the end of the month rule.

INSURANCE

SPECIAL GOVERNMENT INSURANCE FOR VIETNAM ERA VETERANS

1980 Convention Resolution No. 317 (OH) urges The American Legion to support legislation to amend 38, USC, Chapter 19, so as to provide a Special Government Life Insurance program for Vietnam Era veterans.

EDUCATION AND TRAINING

INCREASE IN MONTHLY PAYMENTS UNDER EDUCATION AND TRAINING PROGRAMS

1980 Convention Resolution No. 301 (OH) urges action to assure that increases in educational and training assistance allowances under Chapters 31, 34, 35, and 36 of title 38, USC, are consistent with increases in the cost-of-living.

PROVIDE EDUCATIONAL ASSISTANCE TO CERTAIN ELIGIBLE SPOUSES

1981 Convention Resolution No. 269 (VA) seeks legislation to provide educational assistance to eligible spouses for a period of 10 years after the granting of service connection for cause of death.

NATIONAL ECONOMIC COMMISSION RESOLUTIONS THAT REQUIRE LEGISLATIVE ACTION

GENERAL EMPLOYMENT

TARGETED JOBS TAX CREDIT PROGRAM

1981 Convention Resolution No. 19 (NC) seeks legislation to expand participation for veterans in the Targeted Jobs Tax Credit program by removing existing prohibitive preconditions.

REQUEST THE UNITED STATES CONGRESS TO DESIGNATE A SPECIAL SUBCOMMITTEE TO STUDY THE EMPLOYMENT AND TRAINING NEEDS OF VETERANS

DISABLED VETERANS OUTREACH PROGRAM

1981 Convention Resolution No. 40 (HI) asks for specific and separate line item budget requests for DVOP, with fiscal accountability.

ADEQUATE FUNDING FOR THE VETERANS EMPLOYMENT SERVICE

1981 Convention Resolution No. 72 (MA) requests a line item budget for the VES, with fiscal accountability.

1981 Convention Resolution No. 111 (OK) urges Congress to designate a special subcommittee to explore veterans employment/training problems.

DESIGNATE THE SECOND FULL WEEK IN MARCH AS "NATIONAL EMPLOY THE OLDER WORKER WEEK"

1981 Convention Resolution No. 283 (DC) seeks a Joint Resolution of Congress requesting the President to annually issue a proclamation designating the second full week in March of each year as "National Employ the Older Worker Week."

OPPOSE ANY CHANGES IN THE WAGNER-PEYSER ACT HAVING AN ADVERSE EFFECT ON VETERANS

1981 Convention Resolution No. 302 (IN) opposes any changes in employment programs established by the Wagner-Peyser Act, and calls for full funding of them.

PREFERENCE AND SPECIAL CONSIDERATION FOR VETERANS IN ALL BLOCK GRANT MANPOWER PROGRAMS FUNDED BY THE FEDERAL GOVERNMENT

1981 Convention Resolution No. 346 (MI) seeks to have veterans made a substantive part of any future federally funded manpower programs.

SEEK LEGISLATION TO SECURE SECRETARIAL POSITIONS AS FEDERAL EMPLOYEES FOR EACH STATE DIRECTOR FOR VETERANS EMPLOYMENT

1981 Convention Resolution No. 441 (AK) supports legislation to amend Chapter 41, title 38, United States Code, to establish full-time federal secretarial positions for State Veterans Employment Representatives.

SUPPORT LEGISLATION FOR FLEXIBLE PLACEMENT FOR DISABLED VETERANS OUTREACH PROGRAM

1981 Convention Resolution No. 468 (TX) seeks legislation to provide the Assistant Secretary of Labor for Veterans Employment with authority to place DVOP staff as efficiency and effectiveness determines, in or out of Job Service offices.

UNEMPLOYMENT COMPENSATION

SEEK EQUAL JUSTICE FOR EX-SERVICE PERSONS RELATIVE TO UNEMPLOYMENT COMPENSATION BENEFITS

1981 Convention Resolution No. 182 (NM) seeks legislation to have eligibility for unemployment compensation for ex-service personnel to be consistent with that required in their respective states for other unemployment compensation applicants, rather than more restrictive as it is now.

SMALL BUSINESS ADMINISTRATION

CREATION OF AN OFFICE OF VETERANS AFFAIRS IN THE SMALL BUSINESS ADMINISTRATION

1981 Convention Resolution No. 274 (DC) seeks to have an Office of Veterans Affairs established in the SBA to ensure delivery of the law's mandate for "special consideration" for veterans.

SEEK FULL IMPLEMENTATION OF "SPECIAL CONSIDERATION" FOR ELIGIBLE VETERANS BY THE SMALL BUSINESS ADMINISTRATION

Spring 1981 National Executive Committee Resolution No. 10 seeks effective implementation of the existing mandate for "special consideration" for veterans in the SBA.

VETERANS PREFERENCE AND FEDERAL EMPLOYMENT

SUPPORT VETERANS PREFERENCE IN FEDERAL EMPLOYMENT

1981 Convention Resolution No. 375 (WA) strongly supports veterans preference in federal employment and opposes any efforts to reduce this preference

GRANT FULL CREDIT FOR MILITARY SERVICE IN FEDERAL RETIREMENT BENEFITS; CORRECT "CATCH-62"

1981 Convention Resolution No. 393 (ID) seeks legislation to amend PL 84-771 to eliminate the present requirement that civil service annuities be recomputed at age 62 and those years of military service since 1956 subtracted from the years allowed for retirement computation.

SEEK LEGISLATION TO INSURE ENFORCEMENT OF VETERANS PREFERENCE IN EXCEPTED POSITIONS

1981 Convention Resolution No. 568 (Convention Committee) seeks legislation to require enforcement of veterans preference in excepted positions in the federal government.

OPPOSE CONTRACTING OUT IN THE FEDERAL GOVERNMENT AS IT AFFECTS THOSE EXCLUSIVE POSITIONS FOR PREFERENCE ELIGIBLES

Spring 1981 National Executive Committee Resolution No. 13 opposes contracting out of those federal positions involving maintenance and security which, by law, are to be filled by preference eligibles as long as available.

Senator **Mitchell**. Committee members, this hearing is adjourned.

[Whereupon, at 12:11 p.m., the hearing was concluded.]

FISCAL YEAR 1982 LEGISLATIVE RECOMMENDATIONS OF VETERANS' ORGANIZATIONS

TUESDAY, FEBRUARY 23, 1982

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 11:05 a.m., in room 1201, Dirksen Office Building, Hon. Alan K. Simpson, (chairman of the committee) presiding.

Present: Chairman Alan K. Simpson (presiding), Senators Frank H. Murkowski, Jeremiah Denton, Alan Cranston, Jennings Randolph, and Dennis DeConcini.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Chairman SIMPSON. The hearing will come to order, please. I welcome you this morning. It is a treat to have you here. I am looking forward to hearing your testimony. Let me at this moment defer to Senator Jennings Randolph of West Virginia just for a moment. He has two or three conflicts and has a word to share with you.

Senator RANDOLPH. Thank you very much, Mr. Chairman, and the former chairman of the Veterans' Committee, Mr. Cranston.

I will ask that these remarks be placed at an appropriate place in the hearing. Senator Stafford, who chairs our Committee on Environment and Public Works and is a member of this committee is necessarily absent because of the proceedings on the budget of the Environmental Protection Agency at the present time.

I am in the same position, being the ranking minority member and former chairman of that committee. So with your understanding, Mr. Chairman and Senator Cranston, I would like the record, at an appropriate place as I have indicated, not at the beginning of the hearing, but somewhere during the discussion to have it shown why we are necessarily absent.

We both, Senator Stafford and myself, as you and all members of the committee will consider carefully and, hopefully, favorably the programs that are brought to us by the people who testify today.

I know many of these gentlemen, or ladies and gentlemen are West Virginians. I talked with two of them today. I thank you very much for your consideration. The organization they represent, the work that they have done, entitles them not just something that they might come and discuss with us in the matter of saying they have a need, but also, I am sure that all three of us and others on the Committee will always know that in good conscience working with them we understand that they deserve it.

Thank you.

Chairman SIMPSON. Thank you, Jennings, very much.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS—Resumed

Chairman SIMPSON. Now, as I say, we look forward to receiving the presentation of the 1982 legislative program of the Disabled American Veterans. I am particularly pleased to welcome you, Sherman Roodzant, the national commander. I congratulate you for your leadership that you have so effectively shown in all veterans' legislation and especially, in behalf of your membership of the Disabled American Veterans.

Also, we are pleased to welcome other national DAV officials, the auxiliary, and members of your Washington staff. We work very closely with them—Dale Adams, Gabby Hartnett, Rick Heilman, Butch Joeckel, Ron Drach, Art Wilson. I have come to know them well.

Your Washington professional staff well represents the interests of Disabled American Veterans. They keep us well informed on the DAV position on legislation and actions and activities within the Veterans' Administration.

These annual presentations give us on the committee an excellent opportunity for members to become more familiar with the views of the membership of veterans' organizations on the legislative needs relating to veterans. These sessions assist the committee on planning its priorities for the year.

When a legislative session's work of this committee is concluded and we look back upon the year's accomplishments, we find almost without exception many of the improvements and enactments that have been proposed by the DAV have come to pass. And last year was no exception.

We feel we have had a favorable record and we intend to continue very diligently in our efforts to improve real benefits and services for veterans through our oversight role and through our legislation.

Members of this committee have emphasized that the most important function of the committee is to make certain that the benefits for those veterans who fought and were disabled while in the service of the Nation are fully adequate compensation for the injuries received, and that they receive the very best in treatment and care.

I must tell you I am not disappointed in the proposed budget recommendations for VA health-care expenditures for the coming year. In fact, from my own study of the proposed 1982 budget recently submitted by the administration to the Congress, I believe that the veterans of our Nation have been treated very fairly, even generously, in the President's proposals for the VA.

The budget request of $25.6 billion is an increase of $867 million over fiscal year 1982. And in these times of severe budgetary restraint that we at this table feel daily, no major VA program reductions are proposed, medical care is increased, and disability compensation and pension are proposed to be substantially increased.

Within the next day or two I will deliver a statement on the floor of the Senate discussing most of my concerns about the recently submitted VA budget, and some of our plans for the future in this coming legislative year. I do not intend to make that speech twice. These Chambers could not withstand such efforts, I can assure you.

But this is your meeting and I believe you will support many of the positions that I will present. An example of just one; I am going to propose that a nursing scholarship program started in fiscal year 1982 be included in the budget. That the program be broadened to provide an opportunity for nurses to take advantage of that program on a part-time basis.

I am going to also propose an increase in the research budget for medical and rehabilitative research programs. And I feel that more funding for VA research will assist us in retaining our country's most talented and dedicated physicians.

Those are just a couple of my views. There is much more. Right now I am interested in hearing from you. But I want to say at this point that amid all those DAV hats out there that only one is from Wyoming. I want you to see him. Bill Taylor, where are you, Bill? There he is.

When Al Cranston was chairman it took him 30 minutes to introduce the California delegation, I remember that.

One final thing. I want to thank you for inviting me to your national convention last year. I enjoyed it. I think we each have a better understanding of each other's views and a better understanding of each other. I am an approachable person. I have an accessible staff. And try it and see how it works. It is lots better than the other way. Tom Harvey on board with the majority. Jon Steinberg with the minority. They are approachable people.

So, I want to recognize one of this committee's most valued members. He has been a fine tutor and consultant. He and I sometimes differ as I say on philosophical dabblings, but we both agree that the work of this committee and the protection and assistance for the Nation's veterans and the mission of the Veterans' Administration be carried out.

He has been personally responsible for many of the needed veterans' programs in this country, so, Al Cranston of California, who has been of tremendous assistance to me and every member of this committee, you have some comments and I think you are to present the national commander.

Al.

Senator CRANSTON. Thank you very much, Al. I appreciate as always, your generosity and your leadership on this committee. It is a pleasure to work with our Wyoming chairman.

I am delighted to join in welcoming each and all of you to this hearing. Since I have the honor of introducing to the committee this morning Sherman Roodzant, the DAV's national commander and a most distinguished Californian, I will keep my opening remarks brief. And I will introduce Sherm in a few moments.

First, I would like to note the presence of other distinguished Californians besides the national commander who are here today, including the department commander, Lyno Zamacoma and his wife Maria; the department adjutant, Stuart Coty; and national service officer Bob Jordan. Others from California who are here today are Ken and Diane Musselmann, Terry and Eva Easton, Mike and Jeanne Tempesta, Nash Ramirez, Darre Camp, Louise Aviez, Larry Polzin, Ehring Seeto, Dick Cosgriff, and Jack and Jane Boucher. I would like to ask each of them to rise if they would.

I am delighted so many Californians continue to play such a key part in your organization.

At the outset I would like also to congratulate Immediate Past Commander Stan Pealer on a job well done as an advocate for the interests of those who have served the Nation so well at great personal sacrifice. It was a privilege to have worked closely with your dedicated organization during the past year under Stan's fine leadership. In that regard, I would like to pay special tribute to the outstanding officials in your national office who are of such great help and support to those of us working in this field—Gabby Hartnett, Rick Heilman, Ron Drach, and Butch Joeckel.

Working together with you and House Veterans' Affairs Committee leaders and others during the past year, we were successful in turning back some very serious threats to VA programs, including proposals to make deep cuts in VA health care funding and in the department of veterans' benefits.

In addition, Congress last year made some real progress in programs for service-connected disabled veterans. I am very pleased that the Congress acted favorable on DAV-endorsed legislation that I introduced to improve the automobile assistance program and to increase the benefits under that program as well as under the specially adapted housing program.

Also enacted last year was the legislation I sponsored to extend the eligibility period for the Vietnam-era readjustment counseling program and to provide new health-care eligibility for veterans exposed to agent orange and other herbicides in Vietnam and for veterans who were exposed to radiation from nuclear detonations during their service.

Finally, we collaborated successfully on a vital compensation and DIC cost-of-living increase averaging 11.2 percent and on legislation to improve programs of benefits and services for former prisoners of war.

With your backing, the Congress enacted this array of legislation that should prove to be of real value to disabled veterans.

Looking ahead, we all know that the job is not yet done. We need to continue our efforts in a number of areas, including learning all that we can, as soon as we can, about the health effects of exposure to agent orange and other toxic substances to which our service personnel were exposed in Vietnam, and about the health effects of exposure to radiation.

We also need to examine very closely the budget proposals for fiscal year 1983.

We know we can count on your continuing help in both of these areas.

In followup to this committee's February 11 hearing on the VA's fiscal year 1983 budget, I submitted more than 100 questions regarding the many issues that the budget raised. None of the answers have yet been provided; until I receive them and have a chance to review them all, I do not intend to take a final position on most matters.

In one area, however, I have made up my mind, and this is with respect to rubberstamping the President's proposals to cut $165 million in fiscal year 1983, and an additional $283 million in fiscal year 1984 on top of that—a total of almost a half a billion dollars in fiscal 1984—straight out of the benefit levels paid to service-connected disabled veterans. I can tell you today that I am not going to sign off on savings of that magnitude in programs for our top-priority veterans.

On one specific proposal, to charge a fee to use the GI home loan, I have not taken a final position. However, I pledge to you that if that proposal moves forward I will do my best to assure that no fee will be charged to service-connected disabled veterans. It will be a sad day for this Nation when those who have given so much of themselves to keep our land free and strong are asked to pay still more as a price for using entitlements that they have paid for in full.

I look forward to hearing your views today and to working with you. There are, undoubtedly, great challenges ahead. But we have faced serious challenges before, and I am sure we will work together to insure that the Nation keeps its commitments to its service-connected disabled veterans and their survivors.

Finally, I want to note the presence here this morning of one of your great past national commanders, a close personal adviser of mine on veterans' issues, and a stalwart champion of veterans year after year after year, Oliver Meadows. Oliver, would you please stand?

This concludes my opening remarks. Thank you.

Chairman SIMPSON. Just one moment, Commander, and let me introduce, for any remarks he may have, Senator DeConcini of Arizona, a fine, participating member of this committee.

Senator DECONCINI. Mr. Chairman, thank you very much. I want to first pay tribute to you for—and echo some of the remarks you had to make about yourself. Indeed, you are accessible. You are reasonable. And we appreciate that type of leadership here. Though we may disagree now and then on the approach, the chairman has demonstrated his willingness to work with all of us on this committee and the staff. And it is most appreciated by the veterans in the State of Arizona as it is by this Senator.

It is a honor and pleasure for me to be here today to participate in the DAV's presentation. Before commencing my remarks I would like to extend my congratulations and best wishes to the national commander, Sherman Roodzant, and to the other newly elected national officers. I would like to extend a particularly warm welcome to Earl Bowers, and Morgan Humphrey, and the other members of the Arizona delegation who are with us today. Would they please stand and be recognized.

Thank you, gentlemen.

I am extremely proud of the more than 9,000 members of the Arizona DAV. I have enjoyed working closely with them over the past

5 years and look forward to a continued close working relationship in the years ahead.

This committee relies heavily on the input it receives from your outstanding organization and I intend to continue to tap your knowledge and expertise and solicit your counsel and guidance as we formulate legislation designed to meet the ever changing needs of the veterans population. I look forward to receiving your testimony and shall carefully review it and your legislative proposals.

In an era of reduced Government spending it is imperative to establish national priorities. I, for one, am convinced that the veterans' budget must remain near the very top of our national agenda. There is waste, fraud, and abuse in many areas of the Federal budget which can and should be eliminated. The VA budget is clearly not one of those areas. Due in large measures to the dedicated efforts of the DAV, the other veterans organizations, and committed Members of Congress we were successful in trimming the President's proposed fiscal year 1982 VA budget reductions of close to $800 million by more than half last year. It was a long arduous battle and one that I hope will not be repeated this year.

I was pleased to see the President's proposed increase in medical care, medical research, construction accounts in this fiscal year 1983 budget. Having recently completed oversight hearings on veterans' health care issues in Arizona, I am more convinced than ever that these increases are not only warranted, but desperately needed if the VA is going to be able to meet the health-care needs of our World War II veterans, whose average age is rapidly approaching 65.

Meeting the health-care needs of this group of veterans will impose additional strains and pressures on an already overburdened system. The entire VA health-care system is experiencing problems as a result of budget and personnel reductions. Arizona problems have been compounded by the rapid and continuous influx of veterans into the State. I welcome them. I hope they will continue to come.

But the Arizona health-care system must be provided with sufficient resources to meet the increased demand. To put things in perspective it bears noting that while the general veteran population increased 8.8 percent over the past decade, Arizona's veteran population increased 48 percent.

These dramatic increases are expected to continue as more and more veterans elect to spend their retirement years in Arizona. Not only will more veterans be eligible for care, they will need more acute, frequent, and extended care.

Clearly, these are problems which cannot be ignored by the VA. Comprehensive and coordinated planning coupled with adequate resources are essential if the VA is going to be able to fulfill its mission of providing quality medical care to eligible veterans.

I commend the President and Administrator Nimmo for squarely addressing and attempting to rectify this problem in the fiscal year 1983 budget.

While I am pleased with the proposed increase, in the medical accounts, I am opposed to the proposed changes in entitlement programs, especially as they relate to disabled veterans and their dependents. While the Nation has a responsibility to honor its past commitments to all veterans, it has a unique responsibility to those who were disabled in the service of their country.

The way in which we respond to the needs of our disabled veterans will be the measure of our character as a nation. Again, the process of curtailing entitlement programs for this very special group of veterans would be a national tragedy and a travesty. I do not, therefore, intend to support the budget proposals calling for major reductions in veterans' entitlements. Thank you, Mr. Chairman.

Chairman SIMPSON. Thank you very much, Dennis. We have a procedure in the committee. We recognize the members in the order in which they enter the Chamber.

So, Senator Murkowski, do you have any opening comments?

Senator MURKOWSKI. Thank you, Mr. Chairman. As a new member of the committee I am still in the process of learning and being informed, but I am looking forward particularly to the testimony of the national commander this morning. And I do want to point out the fact that the Veterans' Administration budget overall has a modest increase of $867 million over the current level.

I think it important to reflect on the significance of those veterans that are here this morning and specifically the sacrifice that they have made and what this really means to our country in retrospect to the obligation that we have on this committee in making sure that the needs and requirements of this very special group of veterans are adequately met.

I do not believe that there are any Disabled American Veterans from the State of Alaska here. But on the chance that there might be, I would want them recognized. Is there anyone there that is from Alaska?

Unfortunately, as Senator DeConcini indicated to you, we cannot suggest that you come to our area and retire, but we want to make sure that those of you who might be from Alaska are well represented.

Mr. Chairman, I look forward to the testimony of the national commander. And I want to reassure the Disabled American Veterans that are here this morning representing that magnitude within our country that I, as a veteran, stand behind this group in the responsibility of our Federal Government to meet these needs, particularly in the area of basic health care.

With that, Mr. Chairman, I defer to the next speaker.

Chairman SIMPSON. Thank you very much, Frank.

And another new member of the committee. And another fine participating member just as Senator Murkowski is, Senator Denton who is certainly an extraordinary veteran, indeed.

Senator DENTON. Thank you, Mr. Chairman, not nearly as extraordinary as most of the gentlemen in this room.

But as a lifetime member of the DAV it is a special pleasure to welcome and receive testimony from Commander Roodzant and the representatives of the DAV.

Last year when we had this meeting I introduced the members of the Alabama DAV. We had a number but only two got into the room. As I came through the passageway out there, there were a number of men, some in wheelchairs, who were saying, "It's just too tough. It is too hard to fight it to get in there." But are there any members from Alabama who happened to get in? [No response.]

Alright, well that's the way it was last year.

The efforts of the Disabled American Veterans are recognized and appreciated by all who share the belief that the commitments made to those who have shouldered the burden of protecting the basic principles of our Nation and our interests, continue to be honored and preserved. Let there be no mistake. This committee shares that belief and is unalterably committed to insuring a secure future for the benefits earned by our Nation's veterans, our disabled veterans, particularly, veterans disabled in the line of duty.

We are all aware that the critical need to bring Federal spending under control has given rise to a search for economies in all areas of Government. A bankrupt government can take care of no one. This approach is dictated by the need to assure the responsible use of tax dollars. I fervently support efforts to streamline the provisions of services throughout the Government.

The identification and elimination of waste and inefficiency, including in the Department of Defense, is imperative if a balanced budget and a healthy economy are to be anything more than an idealistic goal. I believe that the veterans of this Nation, more than most any other group in the country, understand the problem. They are cognizant of the need to scrutinize the delivery of Government service to make sure that we are getting the most to those who need it, by the means that we have chosen to serve them.

While I support efforts to reduce costs in all Federal programs, including the Veterans' Administration, I do not and will not support any measure that threatens to undermine the integrity of our system of veterans' programs. It would be the depth of national dishonor to cop out on the needs and deserts of the most deserving citizens in our Nation today who are represented in this room.

I believe no one on this committee would be party to such a cop out.

Last year, in testimony before the subcommittee, Commander Pealer commented on the correlation between veterans' programs and national security. I agree with this assessment and have stated on numerous occasions that our commitment to veterans' programs has a profound impact on our military's ability to attract, recruit, and retain motivated and qualified personnel.

I commend the DAV and the Auxiliary for their diligent effort on behalf of not only those who fought and were disabled in service to their country, but the entire veteran community as well. You may be assured that this committee under the leadership of Senator Simpson, whom I deeply respect as a person and as a chairman in these difficult times, stands committed to the future of our veterans' system—a system that insures fair and equitable treatment for all veterans.

Thank you.

Chairman SIMPSON. Thank you very much. Thank you, Jerry.

And now, you, Al, for the introduction of the national commander please, if you will.

TESTIMONY OF HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Senator CRANSTON. Thank you very much.

It is a great pleasure for me now to be down here with our witnesses this morning to introduce to the committee a very outstanding person, the national commander of the Disabled American Veterans and a fellow Californian, Sherman E. Roodzant.

As a combat-wounded Vietnam veteran, Sherm is the third Vietnam veteran to have been elected to lead this organization which represents so effectively and so forcefully its 700,000 members nationwide.

In 1967, Sherm entered the Army and was sent to Vietnam. On May 1, 1968, while he was on patrol action near Saigon, an enemy landmine exploded and caused the loss of one leg and severe wounds to the other.

Following military service, Sherm returned to California and attended Cerritos College in Norwalk. He joined the firm of H & W Computer Services in Los Angeles as a Programmer/Analyst, and by the time he left that firm in 1976, he had become its vice president.

From 1976 to 1980, Sherm worked as a professional staff member here on the Hill for the House Committee on Science and Technology. There he dedicated his efforts to apply America's scientific and space technology to the problems of handicapped people. He was also closely affiliated with the man who chaired that committee, the late Olin "Tiger" Teague of Texas, who had been chairman of the House Veterans' Affairs Committee for 18 years before that and was widely considered to be "Mr. Veteran." Certainly, Sherm's elevation to his present position would make "Tiger" Teague very, very proud.

During these same years, Sherm also advanced through the ranks in the DAV. In 1974, he became the first Vietnam veteran to head a DAV State department and was appointed chairman of the DAV's National Employment Committee. In 1977, he was elected a DAV national junior vice-commander, and in each subsequent year, was elected to a higher position.

Last July, Sherm was elected to the highest office in the DAV—the post of national commander—where I know that he will continue to carry out his strong commitments and efforts to raising issues related to, and working to meet the needs of, disabled veterans and all handicapped Americans.

Sherm, I have congratulated you before, but let me say at this time how delighted I am to present you to the committee. I look forward to working with you and your organization.

Mr. Chairman, I would also like at this time to introduce to the committee, Sherm's wife, Martha Roodzant, if she would please stand, along with their children, Steven and Becky. Welcome.

Mr. Chairman and members of the committee, I am pleased to present to you the national commander of the Disabled American Veterans, from Santa Ana, Calif., Sherman E. Roodzant.

Chairman SIMPSON. Thank you very much. And we look forward to your testimony and certainly welcome your lovely wife and two children. That is great that you have them with you.

Please proceed.

TESTIMONY OF SHERMAN E. ROODZANT, NATIONAL COMMANDER, DISABLED AMERICAN VETERANS

Commander ROODZANT. Thank you, Mr. Chairman. I would first of all like to thank the good Senator from California, Mr. Cranston, for that very kind introduction.

Mr. Chairman, with your consent I would like to introduce a few of our DAV officers who are here today beyond the staff that you have already noted. With me is our very able national senior vice commander from the great State of New York, Edward G. Galian. We are also pleased to have First Junior Vice Commander Dennis A. Joyner, from Pennsylvania; Second Junior Vice Commander Dean R. Ascheman, from Minnesota; Third Junior Vice Commander Chad Colley, from Arkansas; Fourth Junior Vice Commander Henry W. Prokop, from Nebraska; our distinguished national chaplain, the Reverend Thomas Meersman, from Utah; and National Judge Advocate and past National Commander Boniface Maile, from Michigan.

I will ask all of our DAV National Executive Committee to stand and be recognized at this time, Mr. Chairman. And the members of our Legislative Interim Committee for this year, please.

Mr. Chairman, I would also like to note that there are several national leaders of the American Ex-Prisoners of War Association with us today and stand behind us in this testimony. I would like you to note their presence also.

Mr. Chairman and distinguished members of this committee, on behalf of the 700,000 members of the Disabled American Veterans, and its 85,000-member auxiliary, may I say it is a distinct honor and privilege for me to appear before this committee in presentation of the DAV's 1982 legislative program.

Mr. Chairman, in prior appearances before this committee, national commanders of the DAV have generally devoted a major portion of their oral presentations to addressing the several priority legislative goals that were approved by the delegates to our organizations' most recent national conventions.

I have decided to depart from that format today.

This should not be construed as a deemphasis on my part regarding the merit or necessity of our 1982 legislative goals; nor should it be thought that the DAV will not aggressively pursue them to their fruition. They are reasonable, they are just, designed primarily to benefit those most deserving and most in need—the wartime service-connected disabled veteran, his dependents and survivors.

As an attachment to my oral remarks, you will find my comments relative to certain VA program improvements that were approved in resolution form by the delegates to our 1981 national convention. All have been the subject of recent informal discussion between our Washington staff and your own committee and subcommittee counsels. I urge your sympathetic, favorable consideration of these measures as this 2d session of the 97th Congress progresses.

For now, Mr. Chairman, I wish to say some things that I would believe would be voiced by virtually every wartime veteran in this country, had they this same opportunity and privilege. I have been given the formidable task of speaking on their collective behalf and I ask that you remain cognizant of this during my remarks. In addition to you and the Members of this committee—who have on so many occasions fought the good fight for all of us—I want you to keep in mind that I am really speaking to the Congress as a whole. For the great issues and concerns that confront our Nation's system of veterans' benefits and services today can only be resolved through a consensus reached by all of your colleagues in the Senate and the U.S. House of Representatives.

Mr. Chairman, today, in this country, we veterans are confused, angry, and just plain scared.

We are confused because we thought the statutory protection accorded our benefits system was based upon that time-honored, inviolate premise: Yes, those who served in time of war are deserving of a special status in their country.

Yet we see and hear people in policymaking positions both in and out of our Government calling for dissolution of our benefit programs, stating that we veterans are a drain on the American taxpayer, and that those of us who do have benefit eligibility and do use the system should be relegated to the role of just another public charge.

We ask ourselves: Are not the vast majority of 30 million living veterans also taxpayers? Haven't we been productive, hard working citizens most of our lives? Don't we veterans and our families, who comprise almost one-half of our Nation's total population, have the same stake in our society and don't we share in the same day-today sacrifices and setbacks that confront all Americans?

And we wonder just what happened to all that praise and all the words of support that were lavished upon us when we put on our uniforms and marched off to four major wars in just this past century.

We are angry because we read editorials in newspapers across this country and hear statements from high public officials that blandly imply we veterans have it made at public expense. "Veterans Finding No Austerity" proclaims The New York Times. "The Veterans' Administration is the fattest pig we have. It is time the veterans shared in solving the problems of this country," are words spoken on the floor of the U.S. Senate.

And from a House member pondering the future cost of VA medical care we hear: "One possible solution is increase the eligibility requirements of veterans. Merge veterans' services with other benefit programs. Use community facilities instead of the VA."

And again we ask ourselves, aren't these people aware that the VA has been taking its fair share of cutbacks for years? The VA's proportionate share of total Federal outlays has been steadily declining over a decade from 4.6 percent in 1971 to 3.5 percent just this last year? That real growth in VA program outlays has, in fact, been negative growth.

Don't they know or care about hospital bed losses, treatment ceilings, and physician and nursing shortages that have all combined to turn thousands of eligible veterans away from the system?

Do they realize that recently instituted pension reform has stiffened eligibility requirements, focused benefits on those with poverty level incomes, and already reduced program costs by millions of dollars?

Why do groups like the Heritage Foundation, that advocate the sale of VA hospitals to the private sector, refuse to acknowledge that mainstreaming indigent veterans would only result in additional Federal expenditures and compound the problems of hospital cost containment?

What kind of mentality is it that believes veterans have not shared in our country's problems?

Mr. Chairman, we are scared in the sense that every man fears for the financial security of his family. Will a lengthy illness wipe out our savings because we find we are no longer eligible for a VA hospital bed? Will some in Congress again attempt to save hundreds of millions of dollars by striking many of us from the compensation rolls? What are the real purposes of the so-called program reviews that are occurring with more and more frequency and will we lose our VA regional offices through that consolidation?

Mr. Chairman, this atmosphere of fear and apprehension has come to a point where many of us even hesitate to seek medical treatment for our service-connected disabilities because we are afraid the VA will use the occasion to take away or reduce our benefits. We are losing our trust in that agency. Is that what the Congress wishes? Is this to be the final solution to what some regard as the veteran problem? Force us out or frighten us away from that system?

Mr. Chairman, like it or not, veterans' benefits are part of the costs of war. And it is time our Nation's leaders responsibly face up to that issue, that fact.

John F. Kennedy once said, "A nation reveals itself not only by the men it produces but also by the men it honors, the men it remembers. We owe a continuing debt to those men and women who have put aside their lives to serve in this country's armed services."

That is the moral side of the question and I submit to you today that how it is answered can and will affect the future strength of America just as much, if not more so, than any answer based on economics.

Mr. Chairman, let me take just a few moments to set the record straight on VA spending levels. Just how much have they contributed to the financial chaos which some say faces our Federal Government today?

I would like you to consider some figures concerning the Federal social welfare spending that has occurred in this country during the past 30 years. The entire gamut of public assistance programs—huge portions of which go to categories who have never done a thing for this country, much less risked their lives—are compared to veterans.

Is there any doubt in anyone's mind regarding the deterioration and loss of priority that has occurred in VA spending levels during this short 30-year period? From a low of a twentyfold increase for the health and medical category to the unbelievable high 397-fold increase for housing, all nonveteran social welfare spending has risen astronomically. And the VA over that same period? A threefold increase.

Mr. Chairman, even if 1950 VA benefit levels had remained constant during this 30-year period, one could not criticize the increase in VA spending, for the rate of inflation during the same period rose by some 242 percent.

But the agency was not faced with rising costs alone.

From 1950 to 1980 our Nation fought in two major armed conflicts—one of which was the longest war in our history. Our veteran population increased from some 18.5 million to over 30 million. Hundreds of thousands of veterans were added to the compensation and pension rolls. Two major GI bill programs educated hundreds of thousands more. Facing up to our Nation's responsibility to provide adequate medical care for veterans, 20 separate major health care bills were approved by the Congress and 19 hospitals were added to the system.

And yet this increase in consumer demands was met, this expansion of the system was accomplished, within the confines of a threefold budget growth. Isn't it a shame that all our Nation's so-called social obligations could not have been addressed in a similar fashion? Rather than criticizing and cutting back on the VA programs, we should do all that we can to insure their viability and hold them out for emulation.

The fattest pig indeed. Is it any wonder that veterans in this country fear for an objective analysis of their programs?

And let me emphasize, Mr. Chairman, that we veterans, especially those of us who are service-connected disabled, recognize that objectivity and responsibility is a two-way street. The DAV, even in the best of times, has always made a conscientious effort to approach this committee and the Congress from a standpoint of moderation. Reasonable, justifiable program improvements combined with protection of program integrity have been our fundamental goals in advancing the interests of the wartime disabled.

And in hard times such as we have now, we have been, and will continue to be, willing to sit down with this committee and those of the Budget and Appropriations in realistic discussion of adequate VA funding with available, finite resources.

And in the spirit of objectivity, I will state that there are certain aspects of the fiscal year 1983 budget request which do meet with our approval. With a few exceptions, this is especially true in the area of health care. Whether this is a genuine turnaround on the part of OMB or merely an election year respite, remains yet to be seen.

Conversely, I am appalled to note that of the $233.6 million proposed legislative saving, over half—$165.4 million—would be achieved through major reductions in the benefits of thousands of service-connected disabled veterans, many of whom would be combat disabled and most of whom would be Vietnam era.

Aside from the obvious dollar factor, there appears to be little rhyme or reason for this attack on service-connected benefits. Consider for a moment one brief example: Would anyone in this Congress care to attempt to explain or justify to a service-connected below the knee amputee, who has a wife and two children, like myself, that commencing October 1, 1982, his monthly benefit check will be increased by $19 and, effective that same date reduced by $61—a net loss of $42 per month?

If accepted by this Congress, this is exactly the type of good news/bad news joke that would be played upon thousands of disabled veterans by the administration's proposal to increase basic compensation rates while concurrently eliminating certain dependency allowance entitlements. Needless to say, we in the DAV are not laughing.

Mr. Chairman, at the outset of my remarks, I underscored that, through you, I intended to address the entire Congress. I now wish to narrow my focus to you and the members of this committee.

The Disabled American Veterans, indeed, all veterans in this country, depend upon your advocacy on Capitol Hill.

We have had it in the past and we deeply appreciate that fact.

We in the DAV are keenly aware that 1981 could have proven to be a disastrous year for the Veterans' Administration. Threats of Regional Office consolidation, hospital staffing and bed reduction, Vietnam Veteran Outreach Center elimination, and the contracting out of essential Agency services were all met and turned aside through the coordinated efforts of this committee and your counterpart in the House.

Considering the realities of partisan politics, we deeply appreciate the bipartisan spirit which you and Senator Cranston and all members of this committee have exhibited.

On a personal note, Mr. Chairman, the DAV and yourself have sometimes been forced to agree to disagree on specific issues. But when does that not occur when people, not necessarily coming from the same starting point, attempt to address these complex and difficult issues? In terms of our basic commitment to the Veterans' Administration and those whom it serves, I know that we share that common purpose.

I have only to recall a decisive statement made a short time ago on the floor of the Senate: "Mainstreaming is not going to come to pass while I am chairman of the committee. I can assure you of that."

These were your words, Mr. Chairman, and I call them to your attention to underscore that we in the DAV are aware of, and do value, your support.

Mr. Chairman, that completes my formal presentation. I know that in the coming year, those of us who consider ourselves to be veterans' advocates will be sorely tested in fulfilling our responsibilities. Working together, I am sure, I am confident that we will not fail.

Thank you again for the opportunity to appear before you today.

[The prepared statement of Sherman E. Roodzant, national commander, Disabled American Veterans, follows:]

PREPARED STATEMENT OF SHERMAN E. ROODZANT, NATIONAL COMMANDER, DISABLED AMERICAN VETERANS

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

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FEDERAL SOCIAL WELFARE EXPENDITURES, SELECTED FISCAL YEARS, 1950-79*
(in millions $)

Program	1950	1955	1960	1965	1970	1975	1979	Ratio of Increase
Total	10,541.1	14,622.9	24,956.7	37,711.7	77,337.2	167,435.8	264,118.4	25 Fold
. Social Insurance	2,103.0	6,385.0	14,307.2	21,806.6	45,245.6	99,715.0	163,743.7	77 Fold
. Public Aid	1,103.2	1,504.2	2,116.9	3,593.9	9,648.6	27,204.6	43,611.5	39 Fold
. Health & Medical	603.5	1,150.3	1,737.1	2,780.6	4,775.2	8,512.8	12,150.2	20 Fold
. Education	156.7	485.1	867.9	2,469.8	5,875.8	8,629.4	12,096.9	77 Fold
. Housing	14.6	74.7	143.5	238.2	581.6	2,540.7	5,801.9	397 Fold
. Other Social Welfare	174.0	251.7	416.7	812.0	2,258.9	4,263.6	6,448.6	37 Fold
. Veterans	6,386.2	4,771.9	5,367.3	6,010.6	8,951.5	16,569.7	20,265.6	3 Fold

Dept. of HHS, Social Security Administration, Social Security Bulletin, Vol. 44, No. 11, Nov. 1981

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Thank you again for the opportunity to appear before you today.

* * *

DAV LEGISLATIVE GOALS - 1982

Disability Compensation and DIC Increase

Mr. Chairman, it is a fact that this Committee has been most steadfast in assuring that VA service-connected disability and death compensation benefits are periodically adjusted in order to offset inflationary pressures. The most recent disability compensation increase recommended by this Committee and approved by the Congress in the Fall of last year represented the eighth such increase in as many years.

We in the DAV are most grateful for these efforts, as no one is more acutely aware of the ravages of inflation as disabled veterans and widows who depend upon their compensation and DIC benefits to provide the essentials of food, clothing and shelter.

At this time 1982 appears to offer some respite from the double digit inflationary rate that has plagued our country for the past several years. We sincerely hope this indeed will prove to be true. Noting that the Fiscal Year 1982 VA budget request recently submitted to the Congress proposes an 8.1% cost of living adjustment in service-connected disability compensation and DIC benefit rates, we urge the Committee to give a number one priority status to the consideration of such legislation.

Dependency and Indemnity Compensation (DIC) Improvements

Mr. Chairman, through action by our National Convention delegates and the DAV's National Executive Committee, we propose two program improvements in the Dependency and Indemnity Compensation Program.

Resolution No. 485, approved by our 1981 National Convention, calls for the establishment of one standard rate for all DIC payments to surviving spouses.

Mr. Chairman, as you are most aware, dependency and indemnity compensation is paid to an eligible surviving spouse if the veteran's death was not the result of misconduct and if it was attributable to a service-connected disability. Under present law (Section 411, Title 38, USC), these monthly rates are based upon the military rank of a serviceman at time of death, if death occurred while on active duty, or the rank of the serviceman at time of discharge, if death occurred subsequent to active duty. There are at present some 23 separate and distinct DIC payments under the formula which range from a low of $415 per month for the widow of a private (pay grade E-1) to $1,061 per month for the widow of a four star general/admiral (pay grade O-10). (Two additional higher payments are authorized in cases where the veteran served as the senior noncommissioned officer of any one of the uniformed services or if the veteran occupied the top post in the Army, Navy, Air Force or Marine Corps.

Mr. Chairman, it is not my intention to address at this time the premise upon which the present multiple formula DIC payment system is based. Rather, I wish to bring to your attention the basic flaw of a system that, seemingly, offers discriminatory payments to widows who have essentially suffered the same terrible loss.

Is the life of a private less "valuable" than the life of a corporal? A sergeant? Why should the widows of two men cut down by the same burst of enemy fire receive varied payments?

These are not easy questions to answer, Mr. Chairman, and I realize that in a very real sense they represent an over-simplification of the problem. One can well argue that the widow of a general who spent 30 some years in the military has suffered a greater financial loss in terms of economic life style than the widow of a private with one year of active duty and relatively low pay.

Still, the basic flaw persists. The pay grades of an enlisted E-1 and E-2 or an officer O-1 and O-2, or any other combination, are not that far removed in terms of pay, responsibility and length of service to warrant the degree of variance we find in our DIC payment formula.

Our goal calls for one standard payment. I recognize that this in itself creates the "problem" of establishing just what that one standard payment should be. Furthermore, should it apply to all widows now on the DIC rolls? Should it be prospective?

But I submit to you, Mr. Chairman, that our proposal and the reasons behind it can and should serve as a starting point to at least address the issue. I therefore urge your Committee to hold hearings on this subject in 1982.

Mr. Chairman, our second DIC proposal concerns an anomaly that has come to our attention with respect to the "presumptive" DIC payments that were authorized by Public Law 95-479.

As you are aware, Public Law 95-479 authorized the payment of DIC benefits to the survivors of veterans whose deaths were not service-connected, if such deceased veterans had been continuously rated as service-connected, totally disabled for ten or more years immediately preceding death, or if for a lesser period, were totally disabled for a period of not less than five years from date of discharge from service.

It has been recently held by the VA General Counsel and now considered policy by the VA that when such a totally disabled veteran dies, DIC is payable only in those instances where the veteran had actually been in receipt of compensation at the 100% rate for ten or more years. An exception is made if a veteran is not in receipt of compensation due to the receipt of military retirement pay. However, no concessions are made for those veterans who are found to have had entitlement to receive the 100% rate but, based upon the presence of a clear and unmistakable error in a previous VA decision, did not actually receive the compensation payment for the full ten years.

It is with this policy that the DAV takes issue. We feel that if the facts of a case are sufficient, and a veteran, except for VA error, would have been entitled to receive VA compensation at the 100% rate for ten years prior to death, entitlement to DIC payments should be extended.

VA General Counsel, however, has held that clear and unmistakable error in a previous decision cannot be declared posthumously to create entitlement to DIC benefits, as during the veteran's life time available remedies of law existed. Should the veteran have felt that the percentage evaluation for disability was arbitrarily low (the Counsel argues), these remedies could have been applied. The General Counsel also stated that if a clear and unmistakable error existed, then it would be very unlikely that it would have gone unremedied if the veteran exhausted all avenues of redress.

While there may be a degree of credence to this opinion, Mr. Chairman, we believe that such an argument cannot be applicable in all cases. We are reminded that not all veterans have or seek representation from the accredited service organizations and that there are areas of VA law, regulation and disability evaluations that are so technical in nature the average veteran would not be in a position to question a VA decision.

Prior to the General Counsel's opinion (March 24, 1981), the Board of Veterans Appeals (BVA) had latitude to correct a previous error for the purpose of establishing entitlement to DIC payments under Section 410(b)(1), and we are aware of one such decision. However, since publication of the General Counsel's Opinion, VA policy has been established which precludes BVA from allowing DIC benefits in these circumstances. A recent decision made by the Board dealt with a service-connected veteran rated totally disabled for 9 years, 361 days immediately preceding death. An allegation of VA error that would have established an earlier effective date was dismissed by the Board as being moot, even though the allegation was correct.

Accordingly, Mr. Chairman, we respectfully request that the Committee carefully study the language of this statute and give consideration to amending current law so as to provide DIC payments to those widows of deceased veterans who, at the time of their deaths, were evaluated as totally and permanently disabled from service-connected causes for ten continuous years and who were in receipt of or entitled to receive compensation at the 100% rate. There is no significant cost factor of any degree associated with this proposal.

Mortgage Protection Life Insurance for 100% Service-Connected Disabled Veterans

Mr. Chairman, Section 806 of Title 38, U. S. Code authorizes the VA Administrator to purchase from commercial life insurance companies mortgage protection life insurance policies on a group basis for those service-connected veterans who have purchased housing under Section 801, Title 38, U. S. Code--the VA's Specially Adapted Housing Program.

Under present law, such permanently and totally disabled service-connected veterans are granted mortgage protection life insurance not to exceed $40,000 or the amount of the mortgage, whichever is the lesser. The maximum insurance liability is reduced as the mortgage is amortized and is only available to the holder of the mortgage. No insurance is payable if the mortgage is paid off prior to the death of the veteran or if the veteran is age 70 years or older.

Generally, such veterans' mortgage life insurance is provided to these severely disabled veterans on a cost sharing basis--with the federal government covering the increased cost of such insurance that is based on the veteran's service-connected disability.

As stated, Mr. Chairman, the $40,000 mortgage protection life insurance is only available to eligible service-connected veterans who have purchased a home under the VA's special adapted housing program. All veterans participating in the Special Adapted Housing Program are advised of their eligibility for this insurance.

Mr. Chairman, a resolution approved by the delegates to our most recent National Convention proposes to extend VA mortgage protection life insurance to service-connected veterans rated permanently and totally disabled--but who are not eligible under the VA's Specially Adapted Housing Program as contained in Section 801, Title 38, USC.

Mr. Chairman, in testifying before the Congress prior to the enactment of Public Law 92-95, which created the current Mortgage Protection Life Insurance Program, the Veterans Administration pointed out:

> Few, if any, of these veterans can obtain mortgage protection life insurance from commercial sources. These veterans have suffered greatly and deserve our most sympathetic understanding and consideration. Viewing these facts alone, the bill would appear to warrant favorable consideration.

We believe this same reasoning applies to the category of veterans addressed in our resolution. They too are excluded from the commercial life insurance marketplace because of their totally disabling service-connected conditions. I urge the Committee to give favorable consideration to this proposal.

Chapter 42, Title 38, U. S. Code, Program Improvement

Mr. Chairman. on December 3, 1974 Public Law 93-508, the Vietnam Era Veterans' Readjustment and Assistance Act of 1974, was signed into law. Among other things, this measure established a program of Affirmative Action for certain disabled and Vietnam Era veterans seeking employment with private sector employers who hold federal government contracts. Specifically, the law requires that private employers contracting with the federal government in the amount of $10,000 or more shall take affirmative action to employ and advance in employment qualified special disabled veterans and veterans of the Vietnam Era. A "special" disabled veteran is defined as one who was released or discharged from active duty because of a service-connected disability or a veteran who has a service-connected disability evaluated at 30% or more disabling.

Mr. Chairman, we believe the definition of disabled veteran for employment emphasis under federal contractors should be modified to encompass any veteran with a compensably rated service-connected disability--thus adding the 10 and 20% disabled categories.

We wish to point out that this same law (P.L. 93-508) modified the definition of a disabled veteran for purposes of VA vocational rehabilitation benefits--Chapter 31, Title 38, USC--from a 30% service-connected disabled veteran to one who has a compensably rated service-connected disability. Furthermore, Affirmative Action requirements for the hiring and advancement of disabled veterans in federal government employment define disabled veterans as those who have a compensably rated service-connected disability.

Why should private sector employers with government contracts have less stringent requirements for hiring disabled veterans than our own federal departments and agencies? I urge that the Committee act favorably upon this proposal.

* * *

Chairman SIMPSON. That was a very impressive presentation, Sherman. And I do appreciate it. And Lord knows we did have a little difficulty in communication last year. You hammered my old, bald head into the wall about 17 times. But at least you gave me the opportunity to express myself through your national publications and through your national convention; and you didn't have to do that. And I really appreciated that. And I appreciated the reception I received when I spoke to your group. And I appreciate the listening posture that I hope I always can share with you and with Rick and Gabby and the ones I see more than others, and Ron.

We are going to go back to the drawing board now in this session of Congress and anguish as we cut and continue to chop around on about 20- to 25-percent of the Nation's budget while the rest of it is untouched.

And the untouched areas are social security, veterans' benefits, unemployment compensation, medicare, medicaid, railroad retirement. And those are too politically hot to touch. And so the budget will continue at this extraordinary pace. And it is going to be rather fascinating. So watch out what happens when they give up on the anguish of going through the chopping on the 20 percent of the budget and suddenly realize that the only place to save, at least that will come to be a realization, is in the entitlements programs. So I am alert to that. I know you are. And we will guard and see that the veterans' benefits are protected.

But you can see the format of what will come.

And I thank you very much. You have been very effective and I hope you enjoy your tenure as commander. Thank you and thank you to your family. Thank you to many of you members who have come some substantial distance to be here today and I appreciate that.

And I would enter into the record the statement of Bob Dole. Senator Bob Dole of Kansas, who is a member of the DAV and a great friend of all veterans, has submitted a statement which will be admitted without objection.

[The prepared statement of Hon. Robert Dole, a U.S. Senator from the State of Kansas, follows:]

PREPARED STATEMENT OF HON. ROBERT DOLE, A U.S. SENATOR FROM THE STATE OF KANSAS

"I HAVE SEEN WAR...I HATE WAR." SO SPOKE PRESIDENT FRANKLIN ROOSEVELT IN 1936. MANY HAVE SEEN IT AND ALL MUST HATE IT. THOUGH HATING WAR, THERE ARE MANY AMONG US TODAY WHO HAVE FOUGHT IN IT, FOR THE SAKE OF THEIR COUNTRY AND FOR DEMOCRACY. THEY ARE ALL HEROES.

FOR MANY OF THESE HEROES, HOWEVER, THE TRAUMA AND TRAGEDY OF WAR HAVE ENDURED LONG PAST THEIR SELFLESS SERVICE. THESE BRAVE AMERICANS SHALL FOR THE REST OF THEIR LIVES CARRY WITH THEM HARSH REMINDERS OF THE HELL OF WAR. THEIR DISABILITIES RANGE FROM THE LOSS OF LIMBS, SIGHT, HEARING AND MOBILITY TO DELAYED STRESS SYNDRONE. THEY HAVE MADE A SACRIFICE THAT CAN NEVER FULLY BE REPAID. WE HAVE HONORED THEM WITH CEREMONIES, SPEECHES, AND REMEMBRANCES. BUT THAT IS NOT ENOUGH.

AS THEY FOUGHT FOR THEIR COUNTRY, WE MUST FIGHT TO HELP IN THEIR STRUGGLE TO OVERCOME THESE HANDICAPS. THE PROBLEMS DISABLED VETERANS FACE ARE COMPLEX, AND FREQUENTLY TAKE YEARS TO BE RESOLVED. FOR EXAMPLE, VIETNAM VETERANS, WHICH COMPRISE 29% OF THE VETERAN POPULATION, MAY NOT EXPERIENCE DELAYED STRESS SYNDROME FOR SEVERAL YEARS AFTER MILITARY SERVICE.

MANY ORGANIZATIONS, BOTH FEDERAL AND PRIVATE, HAVE BEEN FORMED TO ASSIST, COUNSEL, AND REHABILITATE DISABLED VETERANS. THE CONGRESS AS WELL RECOGNIZES ITS RESPONSIBILITY TO THOSE WHO GAVE SO MUCH FOR THEIR NATION. LAST YEAR, THE VETERAN'S DISABILITY COMPENSATION, HOUSING, AND MEMORIAL BENEFITS AMENDMENTS OF 1981 BECAME LAW. IT ENHANCED DISABILITY COMPENSATION IN THE WAY OF CASH BENEFITS, DEPENDENCY AND INDEMNITY COMPENSATION TO SURVIVING RELATIVES OF VETERANS WHOSE DEATHS

WERE SERVICE CONNECTED, INCREASED AUTOMOBILE ASSISTANCE, AND ADDED HOUSING BENEFITS. FOLLOWING THIS LEAD, EVEN MORE EMPHASIS CAN BE GIVEN DISABLED VETERANS THIS YEAR.

THE DAV HAS ONCE AGAIN SERVED THE COUNTRY BY ILLUMINATING TO CONGRESS THE NEEDS OF DISABLED VETERANS. CERTAINLY, I AND MANY OF MY COLLEAGUES IN THE SENATE WILL CONTINUE TO PLACE THE HIGHEST BUDGET PRIORITIES ON BENEFITS FOR THOSE WHOSE DISABILITIES ARE SERVICE RELATED. WHILE THE VA BUDGET AS A WHOLE MAY HAVE TO TIGHTEN ITS BELT TO SHARE IN THE BURDEN OF REDUCING THE FEDERAL DEFICIT, THE PRESIDENT'S PROPOSED 1983 BUDGET PROTECTS THE DISABLED VETERAN. EMPHASIS HAS BEEN DIRECTED TO PROGRAMS THAT AID VETERANS WHOSE DISABILITIES HAVE REDUCED THEIR EMPLOYABILITY. MEDICAL CARE FOR SERVICE-CONNECTED VETERANS IS ALSO IN THE FOREFRONT OF THIS YEAR'S PROPOSED BUDGET. THESE AND OTHER INITIATIVES ARE BEING ADDRESSED LARGELY DUE TO THE SUPPORT AND ATTENTION GIVEN THEM BY THE DAV.

ALL EFFORTS WILL BE MADE TO ENSURE THAT DISABLED VETERANS RECEIVE THE CARE THEY NEED AND DESERVE. WE CANNOT FORGET THOSE WHO DID NOT FORGET THEIR COUNTRY IN ITS TIME OF CRISIS.

Chairman **Simpson**. And our good friend Senator Thurmond is indisposed with a back injury as I understand. And he truly is Mr. Veteran. He has a statement and I will insert it into the record without objection.

[The prepared statement of Hon. Strom Thurmond, a U.S. Senator from the State of South Carolina, follows:]

PREPARED STATEMENT OF HON. STROM THURMOND, A U.S. SENATOR FROM THE STATE OF SOUTH CAROLINA

MR. CHAIRMAN:

I am pleased to welcome the Disabled American Veterans and to receive their testimony regarding their legislative goals for the coming year.

As a life member of the Disabled American Veterans, it is a special pleasure for me to welcome National Commander Sherman E. Roodzant. Mr. Commander, I commend you for the leadership and experience which you have brought to your post and for the excellent job which you have done.

Also I would like to welcome Mr. Hartnett, Mr. Heilman, Mr. Joeckel and Mr. Drach and all others from the Washington office with whom this Committee works on a daily basis to ensure that our nation's veterans are provided quality care and efficient service from the Veterans Administration.

It is always a pleasure to have the Disabled American Veterans testify before this Committee and I always look forward to these annual presentations where this Committee can become informed of the problems our veterans are experiencing. It is also very helpful to us to receive the legislative remedies which are proposed by the Disabled American Veterans.

Mr. Chairman, I believe that this Committee's highest priority must be placed on providing benefits and health care to those who fought and were disabled while in the service of this country. A grateful nation should be willing to provide adequate compensation and medical care to these veterans whose sacrifices cost them so dearly.

I commend the DAV for the services it has rendered to this country during peacetime and wartime. I look forward to the continued fine relationship which has existed between the DAV and this Committee.

Thank you.

Chairman SIMPSON. And also the statement of Senator Bob Stafford, another veteran member of the committee who is chairing another committee at this hour. And those will be entered into the record without objection.

[The prepared statement of Hon. Robert T. Stafford, a U.S. Senator from the State of Vermont, follows:]

PREPARED STATEMENT OF HON. ROBERT T. STAFFORD, A U.S. SENATOR FROM THE STATE OF VERMONT

MR. CHAIRMAN:

I am pleased to join you, Mr. Chairman, in welcoming to our Committee this morning members of the Disabled American Veterans. No group of veterans have contributed more to the Nation.

I especially extend warm greetings to National Commander Sherman Roodzant and other National officers of the DAV and DAV Auxiliary. It is always good to see members of your able and efficient Washington staff -- Gabby Hartnett, Rick Heilman, Butch Joeckel, Ron Drach and others. Welcome.

Last year the emphasis in the Congress was on how to slow down the rate of growth of government. This year will undoubtedly be another year when fiscal restraints will nave to be practical. Veterans benefits and programs fared well last year. We must make sure that our success last year will carry through in this year's battle of the budget.

We appreciate your presentation this morning. Your comments, suggestions and mandates will be carefully considered by members of this Committee and by the Staff of the Committee. I believe I can assure you that members of our Senate Committee on Veterans' Affairs are in agreement with your priorities for veterans and veterans' legislation. We certainly believe that our first responsibility is to those veterans wounded in time of service and to their survivors and dependents. We believe in a strong independent health care system, and we are grateful to you for taking this time to come to Washington -- many from long distances to share with us your thoughts and views.

Chairman SIMPSON. I hope you have a productive time here in Washington. And please feel free to utilize the staff and feel free to contact me. And I assure you, sir, you only need to pick up the phone if you want to reach me. You needn't go through the layering processes.

Thank you very much.

[Whereupon, at 11:55 a.m., the hearing was concluded.]

[Subsequently, the following statement was received for the hearing record:]

PREPARED SATEMENT OF HON. GEORGE J. MITCHELL, A U.S. SENATOR FROM THE STATE OF MAINE

Mr. Chairman. I would like to take this opportunity to welcome Commander Roodzant and all of the other members of the Disabled American Veterans who have traveled so far to be here today. It is an honor for me to serve on this Committee and I look forward to hearing the testimony presented today.

Commander Roodzant. As you know, last year was a difficult year. Not only for veterans but for all members of our society. The need to reduce federal spending forced Congress to make cuts in valuable programs, including those which provide benefits for our nation's veterans. As you will recall, one of the most ill-advised proposals last year involved deep cuts in funding for the VA health care system. With the help of the Disabled American Veterans, the members of this Committee were able to to persuade the Senate of the devastating results these cuts would have had on the quality of VA health care in this country. In reviewing the President's FY83 budget, I am pleased that funding for the VA health care system has been increased by $530 million.

1982 proves to be a difficult year as well. Although the President has proposed to increase funding for certain VA programs, at the same time, he has proposed legislative savings of some $233 million, $165 million of which is in disability compensation. While I will undoubtedly support some of the President's recommendations I cannot, and will not, support deep cuts in disability compensation benefits of the nature and magnitude proposed by the President.

As a member of this Committee, and one who shares a common commitment to our nation's veterans, I look forward to receiving the Disabled American Veterans' legislative agenda and to working with you closely in the months ahead to ensure that the needs of our nation's veterans are met.

FISCAL YEAR 1982 LEGISLATIVE RECOMMENDATIONS OF VETERANS' ORGANIZATION

TUESDAY, MARCH 2, 1982

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 10:40 a.m., in room 318, Russell Office Building, Hon. Dennis DeConcini (acting chairman) presiding.

Present: Senator Dennis DeConcini (acting chairman) presiding.

OPENING STATEMENT OF HON. DENNIS DeCONCINI, ACTING CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Senator DECONCINI. The hearing will come to order at this time.

Good morning. I am Senator DeConcini, and I welcome you to this hearing for the Committee on Veterans' Affairs. The purpose of today's hearing is to receive the presentation of legislative goals of the Paralyzed Veterans of America, the Blinded Veterans Association, and Veterans of World War I.

Chairman Simpson, who indeed is a dedicated chairman of this committee, has asked that I convey to you his personal and deep regrets and apologies for not being present here this morning.

He was asked by President Reagan to join him on Air Force One for a trip to his home State of Wyoming just yesterday. Invitations like that are hard to pass up, and he talked to me last night and asked if I would sit in for him and express to each of you his regrets, and also express to you that this will not lessen his enthusiasm for your statements and the legislative goals that you will present.

He will, of course, be reviewing your written testimony with interest—as will the other members of the committee unable to join us this morning.

Without objections, I would like at this point to enter in the record Senator Simpson's opening statement welcoming all of you here today.

[The prepared statement of Hon. Alan K. Simpson, chairman of the Senate Committee on Veterans' Affairs, follows:]

PREPARED STATEMENT OF HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

IT IS A PLEASURE FOR ME TO WELCOME ALL OF YOU TO THIS MORNING'S HEARING OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS.

I REGRET THAT I AM NOT ABLE TO BE WITH YOU TO HEAR THE PRESENTATION OF YOUR LEGISLATIVE PROGRAMS IN PERSON THIS MORNING. A FEW DAYS AGO, MONTHS AFTER THIS HEARING HAD BEEN SCHEDULED, THE PRESIDENT ASKED ME TO JOIN HIM ON AIR FORCE ONE FOR A VISIT TO MY HOME STATE OF WYOMING. AN INVITATION LIKE THAT IS A HARD ONE TO PASS UP. I WILL, OF COURSE, BE REVIEWING YOUR WRITTEN TESTIMONY WITH SPECIAL INTEREST AND DO LOOK FORWARD TO HEARING OF YOUR CONCERNS AS SET FORTH IN YOUR LEGISLATIVE AGENDA.

WE ARE PLEASED TO HAVE ALL OF YOU HERE THIS MORNING. I NOTE THAT YOUR WRITTEN STATEMENTS ARE LENGTHY -- FOR EXAMPLE, THE STATEMENT OF MR. DELANEY IS 65 PAGES IN LENGTH. I ASSURE YOU THAT THE FULL TEXT OF YOUR REMARKS WILL APPEAR IN THE RECORD. I WILL BE READING THE STATEMENT IN ITS ENTIRETY.

THESE ANNUAL PRESENTATIONS ARE VERY HELPFUL TO MEMBERS OF OUR COMMITTEE. YOUR ORGANIZATIONS PROVIDE US NEEDED ASSISTANCE IN THE DETERMINATION OF OUR YEAR'S PRIORITIES. WE FEEL WE HAVE HAD A FAVORABLE RECORD IN BEHALF OF VETERANS, THEIR SURVIVORS AND DEPENDENTS, AND WE INTEND TO CONTINUE DILIGENTLY IN OUR EFFORTS TO IMPROVE REAL BENEFITS AND SERVICES FOR VETERANS THROUGH OUR OVERSIGHT ROLE AND THROUGH RESPONSIBLE LEGISLATION.

MEMBERS OF YOUR ORGANIZATIONS CONTINUE TO BE INTERESTED IN BENEFITS FOR THOSE VETERANS WHO WERE DISABLED WHILE IN THE SERVICE OF THE NATION. YOUR PRIME INTEREST CONTINUES TO BE ADEQUATE COMPENSATION FOR VETERANS' INJURIES RECEIVED AND THAT VETERANS RECEIVE THE VERY BEST IN TREATMENT AND CARE. THESE BENEFITS AND SERVICES CORRESPOND WITH OUR INTERESTS AND CONCERNS.

I AM, THEREFORE, PLEASED WITH THE PRESIDENT'S PROPOSED BUDGET RECOMMENDATIONS FOR VA HEALTH CARE EXPENDITURES FOR THE COMING YEAR. I BELIEVE THE VETERANS OF OUR NATION ARE BEING TREATED FAIRLY AND GENEROUSLY IN THE PROPOSED VA BUDGET.

THE VA BUDGET REQUEST IS AN INCREASE OF $867 MILLION OVER FISCAL YEAR 1982. THE MEDICAL CARE BUDGET IS INCREASED, AND DISABILITY COMPENSATION AND PENSION ARE PROPOSED TO BE SUBSTANTIALLY INCREASED.

WITHIN A FEW DAYS ON THE FLOOR OF THE SENATE I WILL BE OUTLINING SOME ADDITIONAL INCREASES IN VA FUNDING. AMONG PROGRAMS I WOULD IMPROVE THROUGH INCREASED FUNDING ARE THE NURSING SCHOLARSHIP PROGRAM AND THE RESEARCH BUDGET FOR MEDICAL AND REHABILITATIVE RESEARCH PROGRAMS. I WILL INCLUDE OTHER SUGGESTIONS TO IMPROVE VETERANS' BENEFITS, PROGRAMS, AND SERVICES.

THANK YOU ALL, IN ADVANCE, FOR YOUR INTEREST AND CONCERN. WE ARE PLEASED TO HAVE THIS OPPORTUNITY TO HEAR YOUR IMPORTANT CONCERNS.

Senator DECONCINI. I would also at this point like to enter into the record a statement by the ranking minority member, former chairman of this committee, Senator Alan Cranston of California, who also expresses his regrets for not being able to be here.

PREPARED STATEMENT OF HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

I'm delighted to welcome everyone to this morning's hearing.

Last year, working together with our counterparts in the House, and with the strong support of the veterans' service organizations represented here today and others, we were successful in turning back some very serious threats to VA programs -- including proposals to make deep cuts in VA health-care funding and in the Department of Veterans' Benefits.

In addition to resisting these unwise proposed cutbacks last year in VA benefits and services in the name of budget-cutting, the Congress made some real progress in veterans' benefits and programs including, among others,

-- extending the eligibility period for the Vietnam-era readjustment counseling program;

-- easing the financial burden for blinded and other seriously disabled VA pensioners participating in extended rehabilitation programs;

-- increasing the benefits under the specially adapted housing program;

-- providing new health-care eligibility for veterans exposed to Agent Orange and other herbicides in Vietnam and for veterans who were exposed to radiation from nuclear detonations during their service;

-- improving programs of benefits and services for former prisoners of war; and

-- enacting a vital comp and DIC cost-of-living increase averaging 11.2 percent.

I think these and other initiatives, all of which depended on the backing of your and other veterans' organizations, will prove to be of real benefit to veterans in the years to come.

Looking ahead, however, we all know that the job is not yet done. In fact, there is little time to reflect on past accomplishments. We must instead look to the future and take steps to ensure that the VA will remain equal to the tasks ahead.

In that regard, your appearance here today is most timely -- as the Committee is deeply engaged in its review of the VA's budget for fiscal year 1983. I am eager to learn of your views on that budget along with your legislative priorities for veterans' programs, and I assure you that I will be giving your views very serious consideration.

Thus, I look forward to your testimony today and working with you during this Session of Congress and in the years ahead. There are, undoubtedly, great challenges ahead. But we've faced serious challenges before, and I'm sure we'll continue to work closely together to ensure that the Nation honors its commitments to those who answered the call to arms in its hours of need.

Senator DECONCINI. We also have a statement by Senator Thurmond which will appear in the record at this point, without objection.

And Senator Murkowski, likewise.

[The prepared statements of Hon. Strom Thurmond, a U.S. Senator from the State of South Carolina, and Hon. Frank H. Murkowski, a U.S. Senator from the State of Alaska, follow:]

PREPARED STATEMENT OF HON. STROM THURMOND, A U.S. SENATOR FROM THE STATE OF SOUTH CAROLINA

MR. CHAIRMAN:

I am pleased to welcome the Paralyzed Veterans of America, the Blinded Veterans Association and the Veterans of World War I and to receive their testimony regarding their legislative goals for the coming year.

I want to commend your organizations for their commitment to, and active role in, pursuing the interests of our Nation's veterans and the programs and benefits which serve them.

It is always a pleasure to have the leading veterans' organizations testify before this Committee. Your testimony is always very helpful to the members of this Committee as we assess the problems which face our veterans and as we look for the legislative remedies which will solve these problems. Your assistance is especially valuable to us as we consider the annual Veterans' Administration budget and seek ways to insure that the VA will be the most efficient and responsive agency of the federal government.

Let me assure you that your testimony today will receive the careful consideration of this Committee. We are grateful for the support which your organizations have provided us in the past and we look forward to a continuation of our excellent working relationship in the future.

PREPARED STATEMENT OF HON. FRANK H. MURKOWSKI, A U.S. SENATOR FROM THE STATE OF ALASKA

GOOD MORNING, I AM EXTREMELY PLEASED TO BE PRESENT TO HEAR THE LEGISLATIVE PRIORITIES OF THESE MOST COURAGEOUS AND DESERVING VETERANS GROUPS, THE BLINDED VETERANS ASSOCIATION, THE PARALYZED VETERANS OF AMERICA, AND THE VETERANS OF WORLD WAR I. BEFORE I BEGIN MY PREPARED STATEMENT I WOULD LIKE TO ASK THAT ALL VETERANS OF WORLD WAR I STAND AND BE RECOGNIZED BY THE COMMITTEE.

I COMMEND THE CHAIRMAN FOR HOLDING THESE HEARINGS AND AM PROUD TO BE ABLE TO PARTICIPATE IN THE PRESENTATION OF STATEMENTS FROM SUCH GREAT AMERICANS.

AS A VETERAN, AND ONE BLESSED WITH THE GOOD FORTUNE OF NOT BEING PHYSICALLY DISABLED SUCH AS THOSE WE WILL HEAR TODAY, I FEEL COMPELLED AND COMMITTED TO SUPPORT THE CONTINUED SUPPORT AND RECOGNITION OF ALL OF OUR VETERANS ORGANIZATIONS. MR. CHAIRMAN, THE RESPONSIBILITY OF OUR COMMITTEE NOW MUST REACH OUT TO SOME 30,000,000 VETERANS AROUND THIS COUNTRY. THIS SENATOR IS PROUD TO SHARE A PORTION OF THAT NATIONAL RESPONSIBILITY. FOR INSTANCE, I LOOK FORWARD TO THE TIMELY PASSAGE OF THE VIETNAM VETERANS RESOLUTION I INTRODUCED LAST SESSION THAT WILL PROCLAIM MAY 7, 1982 AS A NATIONAL DAY FOR ALL VETERANS OF THE VIETNAM CONFLICT. IF THERE ARE ANY VIETNAM VETERANS PRESENT TODAY, I WOULD LIKE TO ASK IF

THEY WILL STAND AND BE RECOGNIZED BY THE COMMITTEE.

TOMMORROW THIS COMMITTEE WILL BE MARKING UP THE PROPOSED BUDGET FOR THE VETERANS ADMONISTRATION FOR THE FISCAL YEAR 1983. I HOPE THAT THE TESTIMONY OF TODAYS DISTINGUISHED WITNESSES WILL ADDRESS THAT BUDGET AND I AM PLEASED TO NOTE THAT THIS PARTICULAR BUDGET AUTHORITY REPRESENTS AN 867 MILLION DOLLAR INCREASE OF FISCAL YEAR 1982.

MR. CHAIRMAN, I LOOK FORWARD TO THE TESTIMONY OF MR. DELANEY, MR. SHARPE AND MR. STOCKING AND WANT TO REASSURE THESE GENTLEMEN THAT THIS SENATOR HAS NOT AND WILL NOT FORGET THOSE WHO HAVE SERVED THIS COUNTRY GRATEFULLY AND HEROICALLY.

Senator **DeConcini**. We are glad to have with us Michael F. Delaney, the national president of the PVA; National President Ellsworth L. Sharpe; Legislative Chairman George E. Stocking, of the Blinded Veterans Association; and representing the Veterans of World War I, its national commander, Winston Roche, accompanied by its national legislative director, Don K. Pears.

I want to express our appreciation to the Washington staff of each of the organizations for their excellent assistance in the work of this committee and the fine spirit of cooperation that exists between these veterans' organizations and the members and staff of the Senate Committee on Veterans' Affairs.

We look forward to your suggestions, your guidance, and all of your efforts in accomplishing our common goals in behalf of veterans, their survivors, and dependents.

Today is an awfully busy day, as they all are here. There are three rollcall votes commencing sometime after 11:25, and I had to adjust my calendar to be present here on behalf of Senator Simpson and to listen to your statements. So we would ask that you summarize your statement if you can. I will have to depart in about 30 minutes.

Please proceed.

TESTIMONY OF MICHAEL F. DELANEY, NATIONAL PRESIDENT, PARALYZED VETERANS OF AMERICA, ACCOMPAINED BY PAUL CHEREMETA, SENIOR VICE PRESIDENT; JACK POWELL, EXECUTIVE DIRECTOR; AND DOUGLAS K. VOLLMER, LEGISLATIVE DIRECTOR

Mr. **Delaney**. Thank you, Mr. Chairman. It is an honor for me to present the legislative views and concerns which are held by the members of the Paralyzed Veterans of America.

I, as you may know, am Mike Delaney, national president of PVA, and it is a sincere pleasure for me to speak here today.

I have with me on my right, our senior vice president, Mr. Paul Cheremeta from Ohio; and on my left are our executive director, Mr. Jack Powell, and to his left, our legislative director, Mr. Doug Vollmer.

At the very outset, I would like to take this opportunity to thank the chairman, the ranking minority member, and all members of this committee for serving on the Committee on Veterans' Affairs and for working to insure that the needs of the Nation's veterans are met.

In thanking the members of this committee for working on behalf of the Nation's veterans, special appreciation is due to the staff members who work for both the majority and minority members of this committee.

The committee has a staff of which it can be especially proud. Each member of the staff has proven himself or herself to be extremely dedicated and capable and, above all, the willingness to work with the veterans and their service organizations.

PVA truly appreciates the assistance and cooperation given to it by the members of your staff. In the interest of time, I will keep my comments brief today. PVA has presented to the committee copies that are much longer and more detailed. I ask that that statement be entered into the record.

Senator DECONCINI. Without ob[illegible]on.

Mr. DELANEY. Thank you.

While we believe that most Americans do not need to be induced to rendering military service to the Nation, we recognize that in today's competitive and financially draining world the average citizen needs special compensation for disrupting his personal life to render the valuable and unique services.

Thus, PVA feels that the Nation and its Government must continue to recognize that veterans' programs are indispensable to the national security, even though they are necessarily distinct and apart from the efforts of the Department of Defense.

Adequate funding for veterans' programs is very important. On February 8, 1982, the administration released its fiscal year 1983 budget request, and it revealed that the VA, in real terms, will be funded below previous levels.

The decrease will arise from the effects of inflation and the fact that the VA will be required to provide for its employees pay raises out of the requested $25.6 billion in budget authority.

This amount reflects an increase of $867 million, which will not offset the erosion which has been noted.

PVA anticipates that many individuals who have received health care and medical treatment under the medicare and medicaid programs will now turn to the VA for care. We suspect that many beneficiaries under medicare have not relied on the VA because it has been more convenient for them to receive treatment closer to their homes.

However, they are likely to now rely on the VA, even when VA facilities are not conveniently located because the VA will be their only source of needed services. Along these same lines, many disabled veterans will probably seek VA rehabilitation services sooner than they have in the past because non-VA sources will not be readily available.

The VA's budget, according to the administration's recommendation, will not realize substantial real growth in the VA's capabilities to care for veterans.

PVA remains unconvinced that even with the additional 4,000 inpatients to be treated in fiscal year 1983, and with the growing emphasis on outpatient care, that the VA can absorb the growing burdens being placed on its resources.

PVA is very distraught that the Administrator of Veterans' Affairs suddenly announced on February 19, 1982, that there is to be a blanket across-the-board freeze on VA hospital construction.

Now we do not know what the administration's VA budget request really is for 1983. It is evident that even as veteran representatives sat in the VA central office on February 8 and were briefed on the VA's fiscal year 1983 budget, that we were being misled and that an alternate budget proposal had already been adopted by the administration.

This new budget proposal was thinly disguised as being merely a moratorium on hospital construction until a demographic study of the veterans' population is completed.

We strongly oppose Administrator Nimmo's across-the-board freeze on construction of VA hospitals, clinics, nursing homes, and domiciliaries.

Mr. Nimmo, in announcing the administration's reasons for canceling construction projects, cited that there are 2,000 empty hospital beds in Minneapolis, and that a VA hospital is not needed there.

PVA has heard Minneapolis cited as an example of hospital overbedding just as we have heard that there is an excess of hospital beds in Oregon.

Curtailing VA hospital construction was a major part of the AMA's policy of mainstreaming veterans, whereby veterans would be treated in private hospitals at greater expense to the Government.

The Carter administration basically adopted the AMA's position and called it enrollment. Additionally, the past administration proposed hospital cost containment, a plan whereby VA construction projects were to be approved by local, nonelected reviewing boards made up largely of representatives from private hospitals.

Cost containment and enrollment were merely different terms for the same policy.

The Reagan administration came to Washington strongly supporting the recommendations made by the Heritage Foundation. The foundation's analysis of the VA health care system as contained in the Agenda for Progress, examining Federal spending, describes the VA health care system as both wasteful and redundant.

It concludes that the Nation's more than 7,000 non-Federal hospitals should be the source of care for veterans.

Very briefly, the PVA knows that the VA offers veterans care for unique disabilities which have arisen from their service to the Nation. We know that the VA, unlike private, for-profit hospitals and health-care systems, will work to insure that the individual veteran receives rehabilitation and prosthetics that he needs to function as normally as possible and at the lowest cost to the taxpayer.

We know that over 30 percent of all physicians in the United States have received free training through the Veterans' Administration, and we recognize that the VA has lost over 20,000 operating beds during the past decade while adversaries of the system have continued to construct new facilities in the private sector.

In short, the VA health-care system is not wasteful or redundant and the administration is wrong in following the policies of the Heritage Foundation and the AMA.

If overbedding existed in the United States, it is not the creation of the Veterans' Administration. PVA is conscious of the need for a review of VA hospital construction projects. We only want the review to be equitable, and for those who are administering the review to abide by their findings.

In other words, the VA must construct new hospitals where the report indicates that they are needed.

A year ago, PVA, during presentation of its annual legislative statement before this committee, asked for the demographic study of patient origins of veterans who utilized the most sophisticated and most expensive medical equipment in the VA system.

Since that time, in response to questions asked in a hearing before the Senate Committee on Veterans' Affairs, we wrote to the chairman and Ranking Minority Member of the Senate Committee asking for demographic study of the patients who used the VA system.

Additionally, PVA and the Veterans' Administration are jointly examining the demographic origins of spinal cord injured veterans. PVA sees demographic studies as necessary. We are also wary that they are likely to be used as a justification for curtailing all hospital construction.

PVA's suspicions arise because of this administration's blindly rescinding and deferring VA hospital construction projects in 1982 without examining the already established need for these particular facilities, adding to our suspicion, as noted above, that the administration released its fiscal year 1983 budget request knowing that the budget did not reflect the administration's already developed plan to end hospital construction.

In short, PVA is suspicious because of the administration's actions last year and because of the absence of good-faith dealings this year.

Last year, during our annual legislative statement, we called for the establishment of a Presidential Commission to examine the VA budget and the programs which could be curtailed with least harm to veterans.

The Commission was intended as an open forum for determining VA resource allocations.

On December 27, 1981, the Detroit News endorsed PVA's suggestion for the Commission concept. We reiterate our request for establishment of this policy-determining Commission.

The Commission, to highlight some points raised a year ago, would make suggestions to Congress and to the administration on the budget needs of the VA and would offer resource allocation suggestions.

The Commission would consist of representatives from the Congressional Chartered Veterans' Service Organizations. It should consist of representatives from the Office of Management and Budget. The Commission should also consist of a representative from the Veterans' Administration, and it would report to the Committee on Veterans' Affairs throughout the year.

In calling for the establishment of this Commission, we are not implying that the Committees on Veterans' Affairs have not served veterans well. We are saying, however, that the administration does not deal openly and earnestly with the veterans, nor with veterans' organizations.

It is evident that the administration's original fiscal year 1983 budget request disregards the importance of the Committee on Veterans' Affairs. For example, OMB seeks to design legislation to require user's fee for veterans who utilize their VA home loan guarantee.

OMB seeks legislation to deny benefits to certain dependents of veterans who are undergoing rehabilitation for disabilities sustained in service to the Nation.

OMB should stick to budget matters and leave authorizing legislation to the Committees on Veterans' Affairs. Still, OMB could inflict great harm on the VA through either callousness or ignorance.

For example, it is willing to provide $2 million to the VA to study where the VA can use private contractors' services while it is unwilling to provide $4 million for the urgently needed VA nursing scholarship program which was meant to maintain an adequate number of skilled nurses in the VA system.

OMB has done this despite a preponderance of evidence that the VA urgently needs nurses; and, on the other hand, the contractors will charge more for providing services than it presently costs by using VA employees for the same service. Also, OMB either does not know or does not care to recognize that the VA already uses contractors extensively on a case-by-case basis where individual VA hospitals need the services of a non-VA employee.

The Congressional Budget Office, like OMB, has looked only at the budget matters when it has attacked veterans' programs. For example, CBO proposed to the Committee on the Budget that there be an income tax on veterans' compensation, which are benefits received because of service-connected disabilities. CBO has also recommended that 30 VA hospitals be closed. CBO and the Committee on the Budget may know a great deal about budget matters but, like OMB, they should leave veterans' legislation to the Committee on Veterans' Affairs.

In PVA's longer statement we point out ways in which VA spending can be curtailed in certain areas and the savings realized could be applied to other veterans' programs which more urgently need funding. PVA sees long-term resource allocation as being the greatest need of the Veterans' Administration. We do not see this need being fulfilled by an Administration which reveals mutually contradictory policy positions within a period of 11 days.

Mr. Chairman and members of the committee, this concludes my statement. I will be glad to answer any questions that you may have at this time.

Senator DeConcini. Thank you very much, Mr. Delaney.

[The prepared statement of Michael F. Delaney, National President, Paralyzed Veterans of America, follows:]

PARALYZED
VETERANS
OF
AMERICA
CHARTERED BY THE CONGRESS OF THE UNITED STATES

PREPARED STATEMENT OF MICHAEL F. DELANEY, NATIONAL PRESIDENT OF PARALYZED VETERANS OF AMERICA

Mr. Chairman and Members of the Committee, on behalf of the members of Paralyzed Veterans of America, it is an honor for me to present the legislative views and concerns of PVA. I am Michael F. Delaney, National President of PVA.

Mr. Chairman, I would like to explain briefly the nature of Paralyzed Veterans of America. PVA consists of over 11,000 members, all of whom have experienced spinal cord injury or dysfunction. It was formed immediately after World War II and in 1971 received a Congressional charter, making it a veterans' service organization capable of processing claims for veterans at no cost to them.

PVA has 35 Chapters located throughout the nation with members residing in all fifty states, the District of Columbia, Puerto Rico, and Mexico. PVA's membership consists nearly equally of service-connected and non-service-connected disabled veterans. Many of our members served in the military during World War II while others have only recently been discharged from the military for their disabilities. In short, PVA serves a very diverse veteran population whose outstanding common trait is spinal cord injury or dysfunction. During its 35-year history PVA has developed a good understanding of the veteran population and the variety of programs administered through the Veterans Administration.

Our internal structure consists of four major Programs. As mentioned, we have an active Service Program dedicated to serving veterans, whether or not they are PVA members. Additionally, PVA, which is politically non-partisan, has a Legislative Program dedicated to monitoring the activities of Congress and the Administration, and an Advocacy Program which works to ensure proper implementation of federal and state laws dealing with the rights of disabled citizens. Finally, PVA has a Research Program of which we are especially proud. Annually it provides nearly half a million dollars for health research and health-care education projects. Funds to support this Program are raised and contributed by PVA. Through this Program, PVA and Stanford University, for example, created the nation's first Chair of Spinal Cord Injury Medicine, an educational pursuit which should benefit veterans and non-veterans alike.

PVA understands that veterans programs not only serve the recipients of services and benefits, but also serve the entire nation. Veterans programs are an incentive to young men and women to render service to the nation. While we believe that most Americans do not need to be induced into rendering such service, we recognize that in today's competitive and financially draining world, the average citizen needs special compensation for disrupting his personal life to render this valuable and unique service.

Mr. Chairman and Members of the Committee, PVA's purpose today is to present to you our observations on needed changes in veterans programs so that these programs will more fully and efficiently serve those Americans who are eligible to participate in them. We seek for those most in need to receive the greatest consideration from the government, based on the sacrifices they have made for the nation.

This testimony is intended to address long-term issues of concern to the nation's 30,000,000 veterans and their families. However, I must interject PVA's observations on the budget considerations which are taking place at this time, because these considerations affect the functioning of each program administered by the Veterans Administration. The Carter Administration consistently proposed budgets which were too low to allow the VA to operate optimally on behalf of veterans. Regrettably, because of the statutory construction of veterans programs, budget restraints are automatically reflected by reduced health-care and medical services for veterans. The VA's Department of Medicine and Surgery's budget is less protected than are the budgets of other VA Departments, despite the clear need for adequate funding for the VA health-care system.

The Carter Administration proposed for Fiscal Year 1982 a VA budget which was barely adequate. The Reagan Administration sought to reduce this budget by $744,000,000. The Administration's proposed budget would have eliminated 3,200 employee positions in the Department of Veterans Benefits by Fiscal Year 1983. Even more glaring is that many beneficial health-care programs authorized by Congress would have been inadequately funded or would have received no funding at all. For example, despite Congressional intent during the 96th Congress to improve the VA's recruitment and retention of VA health-care professionals, the Reagan Administration sought to eliminate 1,100 health-care personnel positions in calendar year 1981, and 20,000 positions were to be abolished by 1986. There was to be no funding for the Vietnam Veterans' Outreach Program in Fiscal Year 1982, nor was there to be funding for the improved vocational rehabilitation program. These two programs, rehabilitation and Outreach, serve very useful purposes and work toward making life more meaningful for service-connected disabled veterans and for veterans who have experienced severe trauma in service to the nation. Both programs would pay for themselves many times over, if implemented fully, because these veterans would again become productive members of society and contributing taxpayers.

Furthermore, older veterans have special needs, and Congress recognized this when it expanded the VA's Geriatrics Research, Education, and Clinical Centers Program. The Reagan Administration, in FY'82, proposed not funding this improved program, and the VA's FY'83 budget request contains no funding for expansion of the GRECC Program.

Finally, the Administration wanted to delay all hospital construction within the VA for at least two years and many projects would have been permanently abandoned. Delaying construction projects for two years would have cost the government an estimated additional $56,000,000 due to the continuing rise in construction cost. Several of the projects which the Administration succeeded in abandoning, such as the Baltimore, Maryland, facility, already had several million dollars spent for designing them, and others were already having work done on them.

The political processes which surrounded the Gramm-Latta bi-partisan budget, for Fiscal Year 1982, which was finally adopted by the Congress and accepted by the Administration, are now history. The Chairman, Ranking Minority Member, and Members of this Committee deserve special gratitude and recognition for working to ensure that the FY'82 budget which was adopted provided more adequately for the VA and reinstated about $400,000,000 of the cuts which the Administration sought.

This victory brought little immediate success, for FY'82 budget purposes, because the Administration largely accomplished its goal of reducing the VA budget. It did indirectly that which it was unable to do directly. First, the Administration, through the Office of Management and Budget, proceeded with a series of VA medical facility rescissions and deferrals, whereby funds already appropriated or budgeted by Congress were denied to the Veterans Administration. Secondly, the Administration's threatened veto, combined with political maneuvers by some Members of Congress, delayed implementation of the FY'82 HUD and Independent Agencies Appropriations Bill until late December 1981, or one quarter into FY'82.

Delaying implementation of this and other appropriations bills was used to reduce federal spending, because it allowed many federal Departments, Agencies, programs, and services to be funded at then-existing levels and not at higher ones which were to offset rising inflation. The VA, like other parts of the federal government, suffered from the continuing appropriations process because programs were not funded at the increased level which were needed due to the rising costs of operating the VA's programs. For example, on November 23, 1981, the VA was forced to shut down all but essential services. However, the VA was more fortunate than were many other federal agencies and programs, because Congress saw fit to fund the VA, during the use of continuing appropriations, at levels more nearly approximating that of the FY'82 appropriations levels.

On February 8, 1982, the Administration released its Fiscal Year 1983 budget request. It was pointed out earlier that Congress' increasing funding for the VA during FY'82 brought little immediate success; however, there were long-term benefits, as evidenced in the new budget. At a time when spending in most federal programs is being drastically reduced, it appears that the Administration's budget recommendation for the VA will basically hold VA benefits and services at existing levels. The VA will see some reductions, though, because of inflation and because the VA will be required to provide for its employees' pay raises out of the budgeted amount.

PVA is supportive of the overall funding levels proposed for the VA, in light of the fact that most other programs, except for defense, have been drastically reduced in the President's budget request. Some of the most significant provisions of the Administration's VA budget request deserve mentioning, briefly: Budget Authority is increased by $867 million over FY'82 levels, there is to be a net gain of 955 VA employees, and income maintenance benefits for service-connected disabled veterans and their families are to be increased by 8.1%, which should, based on most economic predictions, offset inflation's effect on such persons.

PVA is grateful to each Member of this Committee for your past advocacy on behalf of the nation's veterans, and we recognize that without this needed support the Administration would have recommended less funding for the Veterans Administration.

We understand the importance of all Congressional authorizing Committees, especially this one. Without the knowledge and expertise of the Members of authorizing Committees any given program would not receive the needed consideration by Congress. And, PVA recognizes that this Committee continuously examines veterans programs and services and makes recommendations to the full Congress for their adjustment, and it knows what amendments are needed to make the programs better serve veterans and to keep spending for those programs within reasonable bounds.

The Administration's FY'83 VA budget request seems to bypass, to a large degree, the Committees on Veterans' Affairs in their authorizing capacity, and makes specific legislative requests which the Administration assumes will become law—no alternative budget recommendation is made, should the Committees and Congress fail to pass the Administration's legislative proposals.

PVA draws two conclusions from this single fact: first, the Administration, which has shown itself to be especially politically astute, has examined Congress and has found it sufficiently supportive of its measures, so that it can make these assumptions. Second, should the Administration's assumption concerning its control and/or influence over Congress prove to be incorrect, the Administration's proposed VA budget is not an accurate assessment of the funding requirements which the VA will experience during Fiscal Year 1983. It is possible, therefore, that Congress must either provide inadequate funding for the VA or make supplemental appropriations. Under the former possibility, veterans programs would receive less funding, and under the latter approach the federal deficit would increase by the amount of such supplementals, causing the Administration serious concern and thereby raising once again the likelihood of Presidential opposition to the VA budget.

PVA does not know whether Congress will adopt the specific legislative proposals which have been suggested by the Administration and which are included in the budget request; however, we do know that their inclusion, in such an adamant manner, indicates the Administration's lack of recognition of the important role of the Senate and House Committees on Veterans' Affairs. Should they be bypassed, and should they fail to approve the Administration's legislative proposals, the budget process is likely to become very turbulent, with the VA receiving less funds than are needed. A more reasonable suggestion is that the Committees be allowed to work within the predetermined budget amounts, but that they, not the Administration through the Office of Management and Budget, determine what adjustments need to be made in veterans services and what programs can realistically be restructured.

In examining the Administration's larger federal budget request, PVA has some serious concerns for the burdens which will be placed on the Veterans Administration because of the reductions in social programs. A brief examination of this matter is certainly warranted because PVA anticipates that the VA will be tasked with providing services for many eligible Americans who have previously received health care and medical treatment through other, non-VA, federal programs or who have used non-VA sources of educational assistance and rehabilitation training, or who have relied on non-VA income maintenance programs.

For the purposes of this discussion the VA budget should be considered as one which will maintain the status quo, with no major changes in spending. It represents one of the three types of budget arrangements contained in the Administration's budget proposal.

A second type of budget is proposed in the Administration's Five-Part Budget Savings Plan, which constitutes one of the Administration's most sought-after goals. It would, in part, reduce spending for "discretionary" programs by $14.2 billion. Discretionary programs include, for example, training and employment programs and vocational education and rehabilitation funding grants. Education assistance is to be reduced by $2.2 billion, and rehabilitation grants are to be cut by one-third. Furthermore, the Administration's fiscal policy would consolidate employment and training programs into block grants, which means that the states would be responsible for administering these programs.

Closely akin to the discretionary programs discussed above are the non-VA entitlement programs, and under the Administration's budget proposal they, too, would have reduced funding in FY'83. Medicare and Medicaid funds are included in this group, and they are to be reduced by $5.1 billion; cash assistance and nutrition will be cut by $4.6 billion; guaranteed student loans will be curtailed by $1.1 billion; and federal retirement spending will be reduced by $0.9 billion.

Many of the same persons, and their families, who will feel the impact of reductions in the discretionary programs, as outlined in the Administration's Five-Part Budget Savings Plan, will also be the ones most affected by cuts in the entitlement programs. PVA anticipates that many individuals who have received health care and medical treatment under the Medicare and Medicaid programs will turn to the VA for care, even when VA facilities are not conveniently located, because it will be their only source of needed services. Along these same lines, newly disabled veterans will probably seek VA rehabilitation care sooner than they have in the past, because non-VA sources will not be readily available.

The third budget example, for this purpose, is defense spending, which will receive the greatest consideration of any program in both real terms and in relation to funding contained in past defense budgets. An example of its magnitude is that 9.4% of the total is for research, development, test and evaluation, which is a single function. This defense function, alone, is to receive $24.3 billion, or a sum almost as large as the entire budget for the Veterans Administration. Under the Administration's budget, no program will benefit as much as defense, but the VA will fare better than will most of the social programs.

This brief, three-part analysis of the Administration's budget proposal explains one of the most commonly-heard oppositions to the budget proposal, that it funds defense disproportionately to all other federal programs, and that many programs which have benefitted large numbers of Americans will be curtailed or effectively abolished. PVA, likewise, has serious reservations: first, the VA budget request does not anticipate that there may be shortages, and shortages would result if Congress fails to approve the Administration's legislative proposals. Second, it disregards the importance of the authorizing role of the Committees on Veterans' Affairs, when it sets legislative aims for them. Finally, it does not recognize the very strong possibility that in curtailing certain social programs it will increase the responsibilities of the Veterans Administration. At the same time, the budget proposal makes no added funding available for the VA's use. The VA will be authorized to treat a projected increase of only 4,000 inpatients during FY'83, which is likely to be an insufficient expansion of the VA health-care system in light of shrinking non-VA services.

Every veteran has made sacrifices, whether he has served in actual combat or has disrupted his personal goals in order to wear the uniform during times of war or of peace. PVA will agree with those who wish to reduce the federal budget that most veterans do not require extended services from the VA. We also know that most veterans do not routinely use federal programs; however, veterans who have been beneficiaries of other federal programs are likely to turn to the VA as those other programs and services are reduced and/or administered by the states.

Mr. Chairman and Members of the Committee, last year, during presentation of PVA's annual statement of legislative concerns, PVA called for the establishment of a Presidential Commission to examine the VA budget and the programs which could be curtailed with least harm to veterans. This request, which was not granted, was made at a time when the Administration sought to reduce the VA budget by $744 million and to specifically curtail the VA's Department of Medicine and Surgery budget by $400 million. As part of this proposed reduction, the Administration sought to curtail the VA health-care system by 1,500,000 outpatient visits. And, it made these budget determinations at a time when there was no Administrator of Veterans Affairs to express to the White House that the President's agent, the Director of the Office of Management and Budget, either did not understand the VA's programs and functions or, worse still, deliberately chose to ignore the Agency's needs.

As noted, the Administration largely achieved its goals of reducing VA expenditures, by means of rescissions and deferrals, and by not supporting a Congressionally-approved appropriations bill until one-quarter into the fiscal year.

Despite the fact that the Administration has not made such a blatant attack on the VA during the FY'83 budget proposal process, there remains the need for establishing this Commission, and PVA at this time asks the Committee to adopt this proposal.

On December 27, 1981, The Detroit News endorsed PVA's suggestion for the Commission. The Commission, to reiterate some points raised a year ago, would make suggestions to Congress and to the Administration on resource allocations and needs within the Veterans Administration. This Commission should consist of representatives from the Congressionally chartered veterans service organizations because, as Congress has realized in the past, these are the organizations which serve veterans. These organizations are not special interest groups but are providers of services to both their members and to any veteran seeking such services. Special interest groups do not serve such broad constituencies, and Congress and the Administration would in no way be giving preferential treatment to a small group of citizens by creating such a Commission.

The Commission should also consist of a representative from the Office of Management and Budget, because this office advises the President on budgetary matters and controls spending for all programs. Finally, the Commission should consist of representatives from the Veterans Administration, the Agency with expertise in veterans affairs.

The Commission would report to the Committees on Veterans' Affairs of Congress periodically so that these Committees can more accurately assess changes in veterans programs in light of the views of the Administration and of the needs of veterans. Also, the Commission could report to both Chambers of Congress, so that the full Congress can make more knowledgeable appropriations for the VA's functions.

The Commission's specific goals could be determined for it by the Congress and the President. Its goal could be, as the most extreme example, to reduce the

VA's expenditures by a given amount. The Commission could then aim toward helping Congress and the Administration accomplish this goal in a manner which will create less harm for veterans.

One of PVA's observations, as a possible member group, would be that the non-service-connected disability pension program has been expanded to cover too many potential beneficiaries. We pointed out during consideration of the "Pension Reform Act of 1978" that if the program was broadened, as it ultimately was, there would be insufficient funds to provide for veterans who are actually disabled, and not merely approaching an advanced age. As PVA has stated before, the presumed disability of older veterans is a disservice for two reasons: it creates emotional problems for them, and it consumes funding which could be used to provide more adequately for the ones who have serious disabilities. Because of society's shrinking economic resources, rising unemployment, and the advancing age of millions of veterans, combined with the contraction of other resources such as Social Security and Medicare and Medicaid benefits, PVA anticipates that the burdens placed on the VA's Non-Service-Connected Disability Pension Program will increase at an unprecedented rate. It is well worth noting, too, that detractors who justify budget cuts in the VA (notably the Director of the Office of Management and Budget) do so by labeling veterans "sacred cows," and they refer most often to this broadened pension program.

Obviously, should the Commission be formed and should it discuss the issue of pension reform, there would be differences of opinion, and some veterans service organizations may justifiably oppose PVA's position. Nonetheless, there would be an examination of the VA's growing responsibility, the lack of resources with which to deal with it, and a search for responsible solutions.

An example used last year in PVA's call for establishment of the Commission was that the Administration had proposed regionalization of veterans claims adjudication centers, without giving adequate consideration to the increased time of processing veterans claims which would result. While improving efficiency is a commendable goal, PVA pointed out that there was a noticable absence of a VA Administrator when the policy decision was made, and the Director of OMB seemed to be more concerned with blanket spending cuts, not with saving money in a reasonable manner while continuing to provide needed VA services.

The Commission, it is anticipated, would find many opportunities to work harmoniously with the Administration, and we do not aim for it to become merely a forum in which the various veterans service organizations, PVA included, would pursue their individual goals without considering reasonable alternatives. An example of where the service organizations and the Administration could be expected to agree on an ultimate goal has appeared in the Fiscal Year 1983 federal budget proposal. This portion, entitled "Management Initiatives," is a segment of the Five-Part Budget Savings Plan and aims to make system-wide changes, thereby saving the Federal Treasury $20.3 billion in FY'83. It would accomplish savings through a variety of measures, such as collection of delinquent taxes owed to the government, improved transfer of surplus government property, disposal of certain public lands, assertive debt collection procedures, and a number of very complex corporate tax collection measures.

While the veterans organizations, through the Commission, would not offer comments and analysis on these broader issues, we could work with the Administration and the Congress to recognize improved management initiatives in the Veterans Administration, which would be in compliance with the Administration's government-wide drive for improved, more efficient management.

For example, the Administration's budget request for the VA contains a "management initiative," the collection of a ½ of 1 percent loan processing fee in FY'85 on all VA home loan guarantees. PVA opposes this measure, as a user's fee for veterans benefits; moreover, we especially oppose it since the proceeds of the proposal, $94.6 million in receipts, will go into the general fund of the Federal Treasury and not into the VA's budget, which was the ultimate source of origin. PVA would oppose the proposal whether funds went to the General Treasury or the VA's account; however, it would seem to be a more appropriate management incentive if the funds saved or accrued went to the relevant agency, for use by it in programs which it has identified as needing funding.

Another example of where no management initiative has been suggested, but where one perhaps would be productive, is in Veterans Administration hospitals. Presently, should a VA hospital administrator save the system money through improved efficiency, his particular hospital would realize no flexibility and could not direct the saved funds into areas which he recognizes as requiring additional funding.

PVA certainly is not implying that VA hospitals are being run inefficiently: to the contrary, we feel that the VA system is especially productive and that individual hospital administrators are some of the finest in the nation. We offer this comment to show that even if an individual administrator has been especially efficient in his functions, he has nothing except veterans' gratitude to show for his ingenuity. The Administration, on the other hand, has formed a commission of private business representatives which is to examine efficiency in government. PVA thinks that they will find that the lack of economic incentives will be found to be a major cause for what the President assumes to be rampant waste.

The President's task force or commission to examine waste and inefficiency represents an advisory group similar to that envisioned by PVA for the veterans programs. But, our suggested commission would be more specialized, more familiar with the functions of the Veterans Administration, and equally as dedicated to serving veterans and the nation by improving the allocation of resources.

PVA feels that unless Congress and the Administration employ long-term planning such as that proposed here, the VA will continue to exist under the shadow of confusion and will not perform sufficiently to satisfy the Administration. An example of this tumultuousness is that health-care personnel, when they examine possible employment with the VA, are discouraged by its perennial uncertainty and lack of planning. If the present system is continued, it is the individual men and women who have served the nation who suffer.

Confusion has surrounded the VA budget for at least the last five years, and its budget has been reduced, in real dollars, each year. The Carter Administration, like the present one, gave little consideration to the relative merits of the VA's programs when it failed to fund the VA adequately. The present Administration has repeatedly compared the federal budget to an individual's personal budget, and it concludes that neither can continuously spend beyond its means. We do not argue with this metaphor, but we do recognize that when an individual seeks to reduce his grocery bill he does not suddenly cease buying food or deny family members subsistence. PVA beseeches this Committee to work for creation of a President's Commission aimed at providing the Administration and the Congress with coherent, well-thought-out plans for allocating VA resources. Only then can budget restraints be realized in a manner which will not harm veterans who are eligible for VA services and/or who rely on non-VA programs, and who are sincerely in need of those services.

During the assessment of federal policies during the Second Session of the 97th Congress, PVA hopes that the Members of Congress recognize the inherent value in veterans programs. Without the assistance of veterans programs many willing and capable young Americans simply cannot afford to serve voluntarily in the Armed Forces of the United States. Furthermore, existing veterans programs are intended to meet the needs of those who have already given of themselves for the nation.

PVA feels that the nation and its government must continue to recognize that veterans programs are indispensable to the national security and at the same time are necessarily distinct and apart from the efforts of the Department of

Defense. We have found that technologically advanced armament is virtually worthless without talented, dedicated individuals to operate it, and our mammoth ships have not had crews sufficient to take them out of port. PVA recognizes that this is a complicated matter arising out of the need for senior enlisted men, but it is widely known that there has been a shortage of qualified recruits, also. The past few months have seen improved recruiting successes, but should the nation's economy improve significantly it is probable that recruitments will drop to their previously inadequate levels, and improved veterans benefits will again become a direct, essential part of our nation's security.

I realize that making these statements in defense of veterans programs to the Members of the Committee on Veterans' Affairs is much like preaching to the already-converted. But, we remain uncomfortable because the past Administration and certain Members of Congress appeared ready at times to sacrifice the Veterans Administration and its programs. We also know that this Administration is propelled by an OMB Director who has expressed his contempt for veterans programs on a number of occasions. This was recently reinforced in the Administration's legislative requests and in the disregard for the Committees on Veterans' Affairs.

Members of this Committee worked tirelessly during the 96th Congress to improve various programs which affect the lives of millions of veterans. These accomplishments were made despite budget restraints and adverse conditions. This Committee provided legislation which PVA feels would improve recruitment and retention of health-care professionals by the VA's Department of Medicine and Surgery. After reporting the proposal the Committee's Members collectively and individually worked to persuade the larger Congress that such improvements were needed if the VA is to maintain a viable health-care system. The Members again fought for implementation of the Health-Care Amendments of 1980 and orchestrated a Congressional override of the Presidential veto to this legislation. Now, no funds are to be provided for the nursing scholarship program and none have ever been spent for the physicians' scholarships authorized in the legislation. Hence, the Administration's budget request is only a stopgap measure which does not give long-term consideration to the staffing needs of the Veterans Administration.

The Members of this Committee have been supportive of the varied and complex health-care needs of all veterans. For example, younger veterans have seen the authorization of the Vietnam Veterans' Outreach Program and some considerations have been given to possible Agent Orange related health care problems. You have also addressed the problems associated with aging and authorized Geriatrics Research, Education, and Clinical Centers, a program which is increasingly needed for the well-being of the nation's veterans. Yet, the program's expansion has not been funded. The Members of this Committee have eloquently and forcefully spoken for adequate funding of these and other programs, and PVA is very appreciative for this essential advocacy by you.

Educational needs of veterans have received your consideration, also. Because of your efforts we feel that the VA's program of rehabilitative services for service-connected disabled veterans could become exemplary; however, the FY'83 budget request de-emphasizes rehabilitation and reduces availability of benefits for veterans who are undergoing rehabilitation, as well as for their family members. It was meant to be a comprehensive program resulting in gainful employment for disabled veterans, and we trust that Congress will not forsake this beneficial, productive program, particularly during this time of reduced national productivity and rising unemployment.

Paralyzed Veterans of America is grateful for the many beneficial changes which have been made to Title 38, United States Code. The dedication to veterans repeatedly shown by this Committee and the cooperation and assistance extended to PVA by the Committee's capable staff are sincerely appreciated.

PVA will be supportive of the Committee's efforts throughout the Second Session of the 97th Congress as it works to defend and improve veterans programs. We recognize that this Session will likely see a review of veterans programs and we welcome the investigation. Our only request is that these programs be weighed on their merits. This testimony is a statement of changes in veterans programs which PVA considers to be needed: we offer it in the hope that this Committee will regard these suggestions as it conducts oversight investigations and makes legislative proposals, and as the Fiscal Year 1983 budget is designed. You will find that PVA's proposals would, in certain examples, call for increased expenditures to be made by the Veterans Administration: others, however, are aimed at reducing the cost of administering veterans programs. Our goal is for improved programs and services to be administered where they are needed in an efficient and cost-effective manner. The following recommendations are dedicated to this end.

Veterans Administration Health-Care System

Funding for Veterans Administration Health-Care System

The Department of Medicine and Surgery (DM&S) of the Veterans Administration has been subjected to overt and covert attacks during recent years. First, there has been a move described as "cost containment," and it was supported by certain Members of Congress and the past Administration. This policy would have subjected VA hospital construction projects to approval by local, non-elected health-care reviewing boards made up largely of representatives from private hospitals. This attack on the VA health-care system has, so far, been thwarted due to the diligence of the Members of this Committee. However, it remains frightening that dismanteling the national VA health-care system for the benefit of local and private hospitals has achieved significant support.

Second, the Office of Management and Budget (OMB) has at times withheld needed funding for VA health-care programs. This action has come after Congress authorized such programs and provided for them through appropriations. An example of this disregard for Congressional intent came in 1980 when OMB directed the VA Administrator to use funds appropriated for hiring additional health-care personnel to give pay raises to already-employed personnel. Consequently, the VA was unable to hire needed employees for which Congress had generously provided. This Committee then approved legislation requiring OMB to provide funding for new hiring whenever Congress so appropriated.

During the First Session of the 97th Congress this Committee was again provided evidence of the attitude OMB maintains towards the VA health-care system.

The VA was ordered to begin cost comparison studies under the provisions of OMB Circular A-76. This action was aimed at the goal of replacing federal VA employees with private sector contractors. The cost of these unanticipated studies has been estimated at $26,000,000. PVA wishes to express its appreciation for this Committee's actions in Section 601 of Public Law 97-66 which had the practical effect of preventing further implementation of OMB Circular A-76 within the VA's Department of Medicine and Surgery. By specifying that funds for VA medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses cannot be used for A-76 cost comparison studies the Committee has once again indicated that funds appropriated for the benefit of veterans are to be utilized by the VA for patient care.

PVA would like to thank this Committee for passing this important legislation aimed at protecting the VA's Department of Medicine and Surgery. However, we must stress that the battle is far from being won: VA health-care facilities remain inadequately staffed, and eligible veterans in need of inpatient care frequently must wait inordinate periods of time for admission. This is a chronic problem which occurs at VA facilities.

There is no indication that the availability of health-care services for veterans will improve. In fact, unless there is dedicated action by this Committee, the Congress, and the Administration, VA health-care resources will be further eroded. While there are 30,000,000 veterans, and approximately half are approaching the age when medical and health-care services are becoming especially important, it is unconscionable to allow this deterioration in health-care services.

PVA wishes to thank this Committee for its efforts in securing passage of Public Law 97-72, which was signed by the President on November 3, 1981. Subchapter IV of Public Law 97-72 specifically indicates that the Administrator shall establish the total number of authorized hospital and nursing home beds at not less than 100,000. Also, the Administrator shall operate not less than 90,000 of combined hospital and nursing home beds. Additional requirements of analysis and recommendations concerning the adequacy of the established operating bed levels, and geographic and demographic studies to be utilized by the Administrator in preparing an annual report to the Congress, should enable this Committee, the full Congress, and the Administration to provide adequate funding for VA health care.

Perceptions and Attitudes

The result of these past actions aimed at dismantling the VA Health Care System or reducing its availability and efficiency are a continuing cause of concern to the veterans of this country. This concern has been increased because of many recent statements appearing in the national press. Important members of the Administration, including VA Administrator Robert P. Nimmo, as well as Members of Congress, have indicated a special concern about older veterans who qualify for medical care at age 65. Reports in national magazines such as Newsweek and U.S. News and World Report seem to indicate an anticipated failure of the ability of the health care system to meet its obligation to provide the best care possible to eligible veterans. This focus comes at a time when fiscal constraint is reducing other, alternative health care to the American public through the budget process. At the same time the economy is such that many veterans are losing private health-care benefits due to unemployment. The end result is a greater reliance on the VA system by veterans at a time when its capability is questioned.

When quotes such as " 'What do you do? wonders Robert Nimmo, the new head of the VA. 'Is a veteran entitled to the absolute best care no matter what the cost, or to something in between?' " appear in print, this nation's veterans feel anxiety. We hope the Committee will give the Administrator ample opportunity to more completely express his concerns. Also, we hope that the Administrator will indicate his specific recommendations in some detail. PVA understands that Mr. Nimmo has explained his statements as being required to make sure Congress understands the problem the VA foresees, and to enable the Administrator and the Congress to take appropriate and timely action. We would hope that this Committee will understand the perceptions and attitudes of concerned veterans. PVA believes the Committee should be the first to allay veterans' fears by a firm statement of its intent both to maintain a viable VA health care system and ensure that those eligible will receive the best possible care.

There are several specific proposals PVA would like to make in addition to this more general but urgent request for a strengthened, viable VA Department of Medicine and Surgery.

Staffing Needs in Spinal Cord Injury Centers

The historical trend of personnel understaffing and long waiting lists for admission affects Spinal Cord Injury (SCI) Centers as well as other areas of the VA's health-care system. In VA SCI Centers there is a reliance on part-time professionals when there is a shortage of VA SCI personnel. (It is fortunate, however, that many of the Centers are co-located with medical colleges and have part-time personnel available.) The shortage of full-time personnel results in negative effects on the medical care extended to SCI veterans. Because of these factors, eligible SCI patients are either having to wait to receive needed treatment when SCI personnel are unavailable, or are often experiencing the negative effects of being treated by a variety of rotating medical students and faculty members. This turbulence in personnel results in duplication of many medical consultations and places a further burden on the SCI professional personnel who must spend the extra time to update rotating residents and other staff. This takes away from the time they have to perform "hands-on" care of the SCI veteran. Also, many SCI professionals seek transfers to other areas, where patients require less immediate and constant medical care due to the pressure involved.

PVA understands that the Chief Medical Director (CMD) and the Deputy Assistant Chief Medical Director for Nursing Programs are working to correct certain deficiencies the VA faces in the recruitment and retention of nursing personnel. PVA supports VA initiatives aimed at increasing the number and quality of RNs and LPNs through programs, such as the compressed workweek. Experiments are being conducted under the Flexible and Compressed Work Schedules Act (Public Law 95-390) at three VA medical Centers - Ann Arbor, Wadsworth, and New Orleans. The results of this experimental program, which is due to end March 29, 1982, should receive careful scrutiny by this Committee and there should be appropriate legislative action. The VA indicates that as of August 1981, 165 VAMCs have indicated a desire for compressed work week schedules. We are particularly concerned about the absence of funding in the

Administration's FY'83 Budget for continuation of the VA program to provide for nursing scholarships. And, PVA hopes the Committee will work to rectify this situation. Other legislative action may also be required to implement nurse recruitment and retention programs within the VA health care system. PVA advocates providing the VA with up-to-date policies in this critical area. Also, PVA believes that positions for RNs, LPNs, and other health care personnel should be upgraded for those who serve in SCI Centers. Patient care in SCI Centers is more intensive, time consuming and rigorous and the dedicated personnel who serve there should be compensated accordingly.

Establish Additional Spinal Cord Injury Centers & Provide Long-Term Care Beds

There is a drastic need for the establishment of additional Spinal Cord Injury Centers in the VA System. It is well established that supportive family members can greatly help SCI veterans through the recovery process. They are fundamental to encouraging the veteran to benefit from therapy and, ultimately, to succeed in a rehabilitation program. Quick recovery is essential to the SCI patient and closeness to family members has proven to aid this progress. On the other hand, prolonged hospitalization, poor readjustment, and abandonment of rehabilitative services increase the veteran's personal trauma. (PVA's observations are shared by the Veterans Administration in its studies, "The Spinal Cord Injury Program Plan: FY 1980—1987," and "Estimated Bed Requirements of the Spinal Cord Injured Veteran, 1985—1990.")

The "Spinal Cord Injury Program Plan" is a broad analysis of the VA's SCI program (to include staffing needs, medical specialties required, and other appropriate health-care matters), and at the very core of the study is the assumption that VA SCI Centers will be placed where needed in order to better serve veterans who experience spinal cord injuries. It is important, also, that at the time of publication there were only 14 non-VA SCI Centers in the nation and the VA's Centers were accepting non-veterans on a space-available basis. Currently, even with additional VA and non-federal SCI Centers, some VA SCI Centers have long waiting lists of veterans who are in need of care.

In FY 1980 the Veterans Administration had 1,317 SCI beds. At the end of fiscal year 1981 the total SCI operating beds numbered 1,337. At that time the VA estimated that by Fiscal Year 1987, 1,581 beds as a minimum would be needed in the SCI Program. The VA admitted that this figure was low and that it was based on an assumption that only a small percentage of all SCI veterans would require hospital services in any given year, and that there would be no more wars. If 100 percent of existing SCI veterans required hospital services in a given year, the VA has estimated that 6,439 SCI beds could be needed. PVA maintains that the accurate figure is probably some place between these two estimates. Either way, increased SCI services and bed spaces are urgently needed. (VA's "Estimated Bed Requirements of the Spinal Cord Injured Veteran, 1985—1990")

PVA has adopted the position that SCI Centers should be co-located with tertiary care hospitals. The quality medical care required for a spinal cord injured veteran is a complicated subject requiring multi-disciplinary treatment available only at tertiary care hospitals. In the past the VA has considered the establishment of SCI Centers at primary care hospitals, psychiatric hospitals, and other locations, many of which condemns the spinal cord injured veteran to a lesser quality of care.

In order to care for many SCI veterans nearer to their homes and families, PVA last year requested that this Committee authorize creation of an SCI Center Center in the Mountain or western Great Plains States because of the great distances separating many SCI veterans from these essential facilities. Those who live west of the Mississippi River usually travel to California, Milwaukee, Chicago, or St. Louis if they need treatment in a VA SCI Center. We believe that the ongoing efforts by the VA and PVA will provide information which will indicate where best to locate this center. Additionally, a Spinal Cord Injury Center is needed to serve the Greater Detroit Metropolitan area. This is one of America's largest cities and it has an extensive veterans population.

PVA continues to work with the VA's SCI Care Committee in addressing the needs of SCI veterans. Increasing contacts such as this provide a means for a greater exchange of information which will lead to better health care delivery. Also, PVA is currently working with the Director of SCI Services, Dr. Juan Fonseca, in conducting a demographic study of the SCI veteran population. The results of this study should provide the information required in determining the site of a new SCI Center in the Western region of the country.

PVA wishes to stress the importance of continuing with the previously planned upgrading of existing VA SCI Centers. Tampa, Florida, and Palo Alto, California, are two examples of the urgent need for expansion required to meet patient needs. Many SCI veterans at these locations cannot be admitted in a timely manner for required medical attention. Often previously scheduled admissions are cancelled because of emergency admissions or extenion of hospitalization for those already admitted. PVA knows that you realize that situations such as this can be dangerous to SCI veterans if allowed to continue.

The catastrophically disabled veteran requires a continuous level of care. The VA must provide an adequate number of beds for SCI veterans. For many veterans with spinal cord injuries or dysfunction, long-term care is as essential as is acute care. The VA has recognized this and has planned construction of long-term care facilities. These proposed facilities would serve large veteran populations and should be dispersed to help alleviate problems in different regions of the nation. It should be noted that the VA, in its "Spinal Cord Injury Program Plan," proposes 18 renovation projects for SCI Centers and the construction of five new ones. These construction projects are needed, but budget considerations have revealed that funding will not be made available for them. PVA urges this Committee to give special consideration to working for funding so that these facilities can be constructed or renovated as planned.

Need for Medical Research

PVA believes that the Veterans Administration must place additional emphasis on its medical and prosthetic research programs. Medical research provides the basic framework within which patient care is scientifically advanced. Also, the VA research programs have been proven to be an effective means for furthering the recruitment and retention of high quality, professional medical personnel. The end result in both cases has been a benefit to veterans and to the entire nation.

An example of the concerns PVA maintains regarding medical and prosthetic research is reflected in the FY'83 VA Budget. The proposed budget indicates an increase of $10,000,000 in funding. However, it must be remembered that Administration decisions had already reduced the FY'82 funding for research by more than $54,000,000. When this information is considered, the FY'83 request is placed in a different perspective. The result is a two year reduction below the FY'81 level, and a net reduction over the two-year period. This reduction in VA medical research is occurring at a time when other federal medical research programs are being reduced even more severely.

PVA is concerned that the VA has failed to achieve recognition of the positive accomplishments its research programs have produced. By gaining credit for its past performance the VA should be more able to make its requests for adequate funding understandable to this Committee. PVA strongly supports such efforts by those involved in VA medical research. Further, PVA hopes this Committee recognizes the importance of medical and prosthetic research and its end result--better care for the nation's veterans.

Beneficiary Travel

Mr. Chairman, PVA is especially alarmed over the proposed reductions in beneficiary travel reimbursement. Beneficiary travel is a veterans' entitlement whereby eligible veterans' transportation costs are paid for by the VA when they seek health-care services or require physicals for disability ratings. An example of the need for beneficiary travel funds is that SCI veterans frequently must travel great distances to receive SCI care. The cost associated with transporting a catastrophically disabled veteran can be formidable. PVA regards it as unconscionable that veterans with the most severe medical problems, who have to travel long distances to SCI Centers, would be denied reimbursement.

PVA requests that this Committee carefully examine the proposed changes with a view to providing some fair means by which catastrophically disabled veterans retain this entitlement. A possible alternative may be to reimburse veterans for travel above a certain expense. This method seems to meet the underlying intent of providing reimbursement in order to compensate the eligible veteran for having to travel longer distances to receive VA health care. This method would also provide the catastrophically disabled SCI veteran reimbursement for the added expense of specially adapted vehicles or attendant care incurred in travelling long distances to receive the specialized care available only in in SCI Centers.

PVA believes that this program is a good example of the area that the proposed Presidential Commission which PVA has advanced could address. The use of such a commission would enable those veterans most affected by a sudden change in policy the opportunity to provide specific, detailed information for consideration in formulating policy.

Vietnam Veterans Outreach Progam

PVA wishes to acknowledge this Committee's efforts on behalf of Vietnam Veterans during the last session. The passage of legislation signed into law as Public Law 97-72 extends until September 30, 1984, the Vietnam Veterans Outreach Program. This program provides much needed services to Vietnam Veterans who have encountered significant problems in re-adjusting to civilian life. The Outreach Program has proven to be a cost-effective method in helping many younger veterans cope with problems which are attributable to their military service.

Added emphasis should be given to expansion of employment services within the Outreach Program. Counselors have found that many problems faced by younger veterans are employment-related. Unemployment among many of those veterans participating in the program often causes cyclical maladjustment. The result appears as follows: the veteran has readjustment problems which cause him employment difficulties. The loss of employment greatly adds to existing readjustment problems: steady employment becomes unlikely and even impossible.

PVA fears that for such individuals this effort will be the last time they seek needed services. This is happening at a time when the economy is forcing many skilled workers with seniority into the unemployed category. It is especially difficult for those who failed to make an immediate re-adjustment to civilian life to compete. Statistics indicate some 660,000 Vietnam Veterans are currently unemployed, and this figure does not include those who are not "actively seeking" unemployment. This added factor could make the figure as high as 1,000,000. It would be unjust to those who fought the nation's most recent war for this program to fail them in what may well be their last opportunity.

PVA recommends that this Committee require the VA to examine its funding for the Outreach Program specifically to address the unemployment problem of Vietnam Veterans. Although money has been approved for the total number of Vet Centers, not all have been opened. Also, the newer Centers have been phased in since the start of the fiscal year. Other appropriated funds, such as those for fee-paid services may not be spent as allocated. PVA believes the money not expended due to phase-in of Centers, or saved from fee-paid services not being fully utilized, should be applied to employment related services. Those services available could be applied in areas of the country where the economic problems and the Vietnam Veteran population correlate. The VA could obtain additional information from counselors in Vet Centers to identify those regions or specific localities which indicate the greatest need for employment assistance. For example, those areas which the Administration has identified as requiring supplemental appropriations for extended unemployment compensation assistance may also contain a large number of under-employed or unemployed Vietnam Veterans.

The major cost of any program is usually its start-up expenses, and the Outreach Program is already in place and providing valuable services. The timely ability to meet and correct the major problem of unemployment of the users of the service should greatly help alleviate future burdens which, otherwise, would be placed on the VA. For example, gainfully employed veterans will require less from the VA's income maintenance and health-care programs, and they will provide a testimony to the fact that the nation does not forget those who have served it. Again, PVA commends this Committee for its past support which has enabled the Vietnam Veterans Outreach Program to survive.

Agent Orange

It took nearly a decade of effort to make neighborhood counseling available to Vietnam Veterans and it appears that conclusive findings concerning the effects of Agent Orange, despite Congressional authorization of an epidemiological study, remain elusive. In the meanwhile, the uncertainty surrounding the possibly adverse health effects of Agent Orange and other substances used by the military continue to haunt many veterans. The actions of the Veterans Administration and other federal agencies in addressing this issue must be accelerated and conducted in an open manner to preclude any semblance of manipulated findings which would absolve the government from monetary and medical liability.

PVA is encouraged by the provisions of Public Law 97-72 which provide health care eligibility for Vietnam-era veterans who may have been exposed to Agent Orange or other defolient or herbicide toxic substances. However, PVA believes that this Committee must continue its work of oversight and providing Congressional guidance to the VA in this area. The mandated epidemiological study authorized should be carefully scrutinized, especially in its present formative period.

The appointment of Deputy VA Administrator, Charles T. Hagel, to oversee and direct an expanded and upgraded VA task force in this area is applauded. PVA appreciates the indications of concern and dedication to finding a solution, as articulated by Administrator Robert P. Nimmo. This problem remains one of deep emotion for both the Vietnam Veteran and his family. PVA believes that this Committee must be prepared to address the perceived problems such as genetic effects that this issue raises.

Veterans Administration - Department of Defense Sharing Agreements

Mr. Chairman, PVA endorses the concept of Veterans Administration - Department of Defense Sharing Agreements, as presented in S. 266, recent legislation considered by this Committee. The increased coordination between these federal agencies would minimize duplication and prevent under-utilization of medical resources. It is anticipated that greater sharing would reduce costs without adversely affecting the quality of care and, in some cases, improve health care delivery. The General Accounting Office, in its study of VA-DOD sharing has indicated that as many as 200 medical facilities in 73 geographic areas lend themselves to some form of participation in sharing, of existing resources. (GAO's "Report to the Congress of the United States: Legislation Needed to Encourage Better Use of Federal Medical Resources and Remove Obstacles to Interagency Sharing," 1978) This GAO report indicates four areas where obstructions to sharing agreements exist. Restrictive laws limit what types of equipment can be shared between federal agencies, and which beneficiaries can be treated in another agency's facilities. Conflicting agency regulations, policies, and procedures hinder attempts at inter-agency sharing. Disincentives exist at the hospital director level, especially in regard to reimbursement policies. The GAO indicates a need for Congressional guidance in these areas towards the goal of achieving better medical care for the beneficiary at less cost to the government.

PVA believes that both the VA and DOD can benefit from sharing agreements. In achieving the desired goals, PVA asks this Committee to ensure that safeguards are provided to prevent sharing that would affect the quality and priority access of care extended to veterans through the Veterans Administration

The VA has a history in sharing agreements with private sector health-care providers. Public Law 89-705 permits the VA to share its specialized medical resources with other hospitals and clinics, and also to utilize the resources of community hospitals and clinics when such services are not available in VA facilities. The VA has determined that this legislation has been beneficial to both parties. Evidence of the VA's claim is that most of the sharing agreements are renewed on an annual basis. The result has been better cooperation between VA hospitals and their community counterparts and there has been better utilization of scarce medical specialists and facilities. In FY'80 102 VA Medical Centers entered into 316 sharing agreements with community health care providers. The VA provided 29,506 outpatient visits, 10,834 inpatient days of care, and 116,301 other visits at a cost of $7,901,973. The VA was provided with 80,459 outpatient visits, 3,045 inpatient days of care, and 230,278 other units at a cost of $18,306,315.

Geriatric Research, Education, and Clinical Centers

The geriatrics research, education, and clinical centers, need to be made a viable part of the VA health care system. Public Law 96-330, the "Veterans' Administration Health-Care Amendments of 1980," became law in August 1980, when Congress resoundingly overrode a Presidential veto of the legislation. It is likely that a great deal of Congressional support came because of the proposal's establishment of additional geriatrics centers. Administrative action had already created eight geriatric research, education, and clinical centers within the VA and Public Law 96-330 stresses that these are to be adequately funded before the new centers are to be established.

PVA is very grateful to this Committee and to Congress for giving the geriatrics program the validity of law, rather than relying on Administrative discretion.

However, we are concerned that commitment to authorizing such centers is not being met by a corresponding commitment to funding them. As previously indicated, the FY'83 VA budget fails to provide for any new geriatric centers.

It is well established that the average age of the nation's veterans is increasing to the point where many feel they are no longer needed by their families, society, and the nation. This corresponds with the physchological problems faced by millions of older Americans.

A true commitment to the VA's geriatrics program would benefit veterans and all Americans, alike. Representative Claude Pepper provided some observations in the October 2, 1979, Congressional Record which are worthy of repeating. Eleven percent of the American population is made up of persons over age 65, and 25 percent of all suicides in the United States are committed by members of this group. Also, 20 percent of all persons in the nation who suffer from alcohol-related problems are in this same age group. It is known, too, that approximately 100 reversible conditions result in the same characteristics as does senility.

Despite determined efforts by Representative Pepper and other Members of Congress, the nation's elderly have not received appropriate consideration in our national priorities: gerontology receives approximately 1 percent of the budget of the National Institutes of Health, and only about 2 percent of Medicare funds go to mental health care coverage for the elderly. The low amount of total Medicare funding for mental health services arises because the program pays only a maximum of $250 annually per recipient for outpatient treatment of mental illness and, unlike its 20-80 co-payment for physical illness, there is a 50-50 co-payment. (Eighty percent of the Medicare funds which do go for mental health services are expended for institutionalized care.)

The VA, and the nation as a whole, presumes that the individual becomes disabled upon reaching age 65. The VA's policy is reflected in the extension of health-care services and pension benefits to certain veterans based upon the controlling criteria of low income and attainment of age 65. Many private employers likewise assume that the individual's usefulness terminates at age 65. In short, federal and social policies reflect the need for geriatric research and counseling, especially when productive individuals are induced into or forced into retirement.

Closely related to the lack of emphasis in the VA's geriatrics program is a pending shortage of domicilary and nursing home facilities. Despite the need for expanding these facilities, there appears to be little commitment to increasing them by a significant number to a satisfactory level. Furthermore, the VA is running behind schedule in constructing the relatively small number of bed spaces which have been authorized.

The VA and the Office of Management and Budget plan to reduce the number of operating beds within the Department of Medicine and Surgery. PVA strongly recommends expansion, not reduction, of the number of such beds. It seems wasteful and doubly counter-productive not to convert these into long-term care beds. PVA recognizes that in some cases the existing facilities are structurally unfit for any kind of health-care use. Often, though, operating wards are merely closed and taken out of service while the rest of the facility continues to provide useful medical functions. We are appalled that operating beds are completely removed from the system and are not being converted to fill the need for long-term care.

In short, the VA's geriatrics program must be adequately funded and expanded, and there needs to be a corresponding growth in VA nursing home and domiciliary facilities to care for older veterans.

PVA trusts that the VA's geriatrics research, education, and clinical centers will be expanded, and that special awareness will be given to the effects of aging on disabled veterans. An example of this need, which we have seen repeatedly, is when a healthy paraplegic develops cardiovascular difficulties in his older age. Veterans with lesser disability ratings also are likely to experience accelerated age-related health problems because of disabilities sustained early in life.

Summary of PVA's Health-Care Priorities

To summarize PVA's health-care priorities, first we want to maintain a separate VA medical and health-care system with existing programs being more sufficiently funded. There must be an increase in the number of health-care professionals to provide general and specialized treatment needed by veterans. Also, PVA requests the establishment of an additional Spinal Cord Injury Center in the Mountain or western Great Plains States. Medical research efforts by the VA have resulted in benefits to veterans and the entire nation. Funding should be provided at a level sufficient to continue to attract high quality, health-care professional personnel to the VA. Catastrophically disabled veterans should remain entitled to reimbursement of travel expenses incurred by them for travel to VA health-care facilities. PVA asks that the employment needs of Vietnam Veterans be addressed through the Vietnam Veterans Outreach Program. The unemployment rate for these veterans is the highest in three years. Also, the problems associated with Agent Orange must be addressed by the VA, and oversight and guidance by the Committee must be continued. The issue of genetic abnormalities caused by exposure to Agent Orange or other substances must be addressed. VA-DOD sharing agreements have the potential of reducing costs and for providing better health are. Finally, we strongly urge more complete implementation of the VA's program of geriatric research, education, and clinical centers to serve the aging veteran population.

Department of Veterans Benefits and Income Maintenance Programs

The Department of Veterans Benefits (DVB) of the Veterans Administration has rendered service to millions of the nation's veterans. It has done this in a timely, professional manner aimed at efficient resolution of the Department's workload. Personnel shortages have hampered the DVB, at times, in a manner similar to that discussed earlier concerning the Department of Medicine and Surgery. PVA hopes that the Committee will consider the existing economic situation as it addresses VA programs. Continuing high-unemployment and lower than average use of production capabilities adversely affects many of the country's veterans and their families. Further deterioration in the economy may increase the workload of DVB as more veterans are forced to seek assistance. PVA requests the Committee to continue its efforts to ensure that the nation's committment to veterans is met.

Aid and Attendance Allowance for Non-Service-Connected Disabled Veterans

Mr. Chairman, a major problem which is both health care and income maintenance in nature exists for catastrophically disabled veterans in receipt of pension benefits. As mentioned earlier, under "Health Care," veterans are presumed to be disabled at age 65 and at this age they qualify for non-service-connected disability pension benefits and VA health-care services if their income is quite low. Non-service-connected disabled (NSC) veterans who are younger and catastrophically disabled and who are at similar income levels qualify for the same benefits.

It should be noted that catastrophically disabled NSC veterans have great personal expenses despite the existence of VA health-care services. Many catastrophically disabled veterans, because of their need for attendant care, reside in publicly-financed institutions at considerable expense to the government. While there is an aid and attendance (A&A) allowance included in the pension program for NSC veterans in need of attendant care, this benefit is too low to provide a significant degree of such care for veterans who live independently. Therefore, catastrophically disabled NSC veterans who forego life in government institutions often receive less care than they need, or receive it from friends and relatives who cannot provide it on the regular daily basis required.

In 1976 Paralyzed Veterans of America conducted an investigation of the cost of attendant services. We found that a non-institutionalized veteran who needed full-time, twenty-four hour care required $1,500 per month for such services if they are not provided at least in part by relatives or friends. At that time it cost approximately $2,715 per month to maintain such a veteran in an SCI Center. The average cost for maintaining a veteran in a VA nursing home was approximately $1,090 per month, but this amount included all veterans in nursing homes, some of whom were catastrophically disabled but a majority of whom could provide for most of their self-care needs. (This study by PVA is included in Report No. 95-1231 which accompanied H.R. 11891, a bill incorporated in the "Veterans' Disability Compensation and Survivors' Benefits Act of 1978.") PVA has recently completed a study to update information on attendant services. This study is currently in draft form and will be available soon. It indicates that today's cost for full-time twenty-four hour care averages $2,242.60 for the non-institutionalized veteran. This figure represents an increase of approximately 50 percent. Additionally, the study indicates that this figure represents the minimum of available services in terms of professional level: when skilled nursing care is required, even on a part-time basis, the costs increase dramatically. Nor do these figures address any of the costs of services such as physical therapy.

Today, a non-service-connected severely disabled veteran who is single and qualifies for pension, and who requires attendant care, receives $248.00 monthly A&A allowance and up to $413.33 in pension benefits. In order to receive this maximum of $661.33 the veteran can have only minimal other income, including Social Security benefits. Hence, out of this amount the catastophically disabled NSC veteran must provide the usual necessities of life and whatever attendant care services he can locate with the remainder.

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Mr. Chairman, PVA requests that the aid and attendance allowance for catastrophically disabled NSC veterans be increased to the amount of A&A provided for service-connected disabled veterans.

Obviously legislation increasing the NSC pension A&A allowance to the level of that for service-connected disabled veterans, and the VA regulations implementing it, will need to be at least as restrictive as those delienating eligibility for service-connected disabled veterans. In short, PVA requests the increased NSC A&A for veterans who truly need these funds in order to live independent of institutions.

Non-Service-Connected Pension

Mr. Chairman, since passage of Public Law 95-588, the "Veterans' and Survivors Pension Improvement Act of 1978," Congress has not seen the need for investigative hearings dedicated to examining the need for improvement in the NSC pension program for veterans who served during periods of war. Public Law 95-588 was passed by Congress with the intent of allowing non-service-connected disabled veterans in receipt of pension to elect between the older, lower pension rates or the more recent, higher ones. The latter group was subject to one particular stipulation, that the veteran's and/or spouse's and/or dependents' income was to be counted in computing the veteran's eligibility for pension. The purpose of this provision is obvious, to deny pension benefits to those who do not need it.

This control of the NSC pension program is excessively restrictive in that veterans and their families who are most in need are harmed needlessly. The

Senate proposal would have allowed a limited income exclusion, (Report No. 95-1329 to accompany H.R. 10173) but the House provision was contained in the law and it stressed that "the veteran's spouse's and dependents' income shall always be included in determining the pension amount payable to the veteran." The Committee on Veterans' Affairs in the House, like that in the Senate, sought to alleviate the harm which could arise for veterans most in need, and the House Committee allowed for discounting dependents' income when "in the Administrator's judgment," to count such income against receipt of pension benefits "would work a hardship on the veteran or the surviving spouse." (Report No. 95-1768 to accompany H.R. 10173) Obviously both Committees recognized the importance of some form of income exclusion, but this provision, except for certain dependents' income, did not become law.

Considering all of the spouses' earned income for computation of pension benefits of a severely disabled veteran harms families who attempt to help themselves in this time of rampant inflation. In short, these families are not benefitting from their efforts because the individual veteran's pension benefits are reduced or terminated due to the spouse's earnings.

PVA requests amendment of Title 38, United States Code, to allow wartime NSC pension recipients rated 100-percent-disabled (presumption of disability excluded), or their spouses, a partial earned income exclusion up to $2,500 gross income before there is an offset in pension benefits. Allowing for the effects of inflation since Congress considered the "Pension Improvement Act of 1978," this amount would be in keeping with the amount of income the Senate Committee on Veterans' Affairs proposed at that time should be excludible. As noted, the

House Committee on Veterans' Affairs recognized the need for excluding dependents' income when, in the view of the Administrator, such an income exclusion was necessary to prevent hardship on the veteran or his spouse. This controlling measure could easily be extended to ensure that only the most needy veterans and their spouses could partake of the suggested $2,500 gross earned income exclusion.

Work Disincentives in the NSC Pension Program

The NSC pension program has work disincentives constructed into it that lead to unnecessary government expenditures. Pension benefits are immediately terminated when a pension recipient assumes gainful employment. Even more threatening to severely disabled NSC pension recipients who contemplate employment is that, along with the loss of benefits, eligibility for VA health-care services is surrendered.

Severely disabled younger veterans are often capable of rehabilitation to the point of becoming employed. They are reluctant to attempt employment because they are uncertain of their employability and recognize that the job market is not as receptive to them as it is to other workers. Faced with these uncertainties, severely disabled veterans too often choose to discount employment in favor of health-care and income considerations. Consequently, they fail to recognize their potential productivity, society loses their contributions, and government has additional benefits recipients instead of taxpaying workers.

Congress has recognized work disincentives in other income maintenance programs and has attempted to remove them. PVA requests amendment of Title 38, United States Code, to remove work disincentives from the NSC pension program. First, there needs to be a trial work period during which the disabled veteran can pursue gainful employment and continue to receive pension benefits. This will provide him with transition funds to prepare himself for employment (to include items such as appropriate clothing and transportation) and will ensure him of a subsistence income if his efforts fail. Second, because of the vital importance of medical care for severely disabled persons, the veteran who was formerly in receipt of pension, but who returns to employment, needs to continue to be eligible for VA health-care services.

PVA understands that Congress would require certain limitations on amendments of Title 38 which reflect these needed changes. However, younger veterans' eligibility for pension benefits is presently clearly defined and the degree of disability must be firmly established. Therefore, PVA does not anticipate that veterans will successfully apply for NSC pension benefits out of an ulterior motive of qualifying for VA health-care services, and then return to employment.

Our recommendations for removal of work disincentives would be of no additional cost to the government. Rather, without amendment of Title 38 eligible individuals will continue to receive pension benefits. With appropriate amendment of Title 38, a significant number of these individuals will become gainfully employed taxpayers.

Earlier in this statement we asked this Committee to investigate the adequacy of the NSC aid and attendance allowance, and PVA trusts that the adequacy of the NSC pension program can also be examined. We desire that the program help those most in need while allowing others to be productive citizens.

Dependency and Indemnity Compensation (DIC)

This Committee recognizes the advancing age of millions of veterans, as evidenced by efforts to improve the VA's geriatrics program. A corollary of these demographics is that certain older spouses of veterans are becoming increasingly reliant on survivors' benefits for their support.

When Congress passed the "Veterans' Disability Compensation and Survivors' Benefits Act of 1978" it created a very beneficial law that extends Dependency and Indemnity Compensation (DIC) benefits to surviving spouses and children of certain veterans who were rated 100-percent service-connected disabled at the time of death, but whose deaths have not been determined by the VA to be service-connected.

Again, PVA commends this Committee for this legislation aimed at providing for the survivors of those veterans who are likely to have a shorter life expectancy and, quite importantly, may not be able to accumulate estates sufficient to provide for their survivors. PVA wishes to thank you for your more recent actions during the previous Session. For example, the enactment of Public Law 97-66, the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981," provided for a much needed 11.2% increase in the rates payable through DIC to the surviving spouses and children of veterans whose deaths were service-connected.

There remains the inequity that the survivor receives DIC benefits based on the veteran's military pay grade and not on his degree of disability. PVA understands the rationale for awarding benefits based on pay grade when a serviceman dies while in active military service. However, surviving spouses of veterans who were severely disabled for many years deserve a greater benefit.

Too often the surviving spouse of a severely disabled veteran has provided extensive care to the veteran because of his service-connected disability. As we noted earlier, under "Non-Service-Connected Aid and Attendance Allowance," the cost of continuous attendant care can and often does greatly exceed the maximum A&A allowance for even service-connected disability. The result is that despite the very helpful A&A allowance, the spouse often must provide time-consuming services which the veteran cannot provide for himself.

Upon becoming widowed a surviving spouse who receives DIC may be willing to seek employment but she would, in many cases, not have marketable skills due to the constant care needed by the veteran until his death. In addition, the spouse often must seek employment at a time in life when most full-time employees would be considering retirement.

Recently PVA randomly surveyed nearly 100 surviving spouses who are in receipt of DIC benefits. We found that 56 percent were over fifty years of age and that 79 percent were over age forty. Approximately 88 percent were married to 100-percent service-connected disabled veterans for more than 10 years each. Sixty-six percent were married to such veterans for over twenty-one years. Obviously our belief is correct that numerous surviving spouses are left alone in life at a time when employment is difficult for them to achieve. This too often comes after they have helped care for severely and catastrophically disabled veterans for extended periods of their lives.

In early 1978 the Veterans Administration presented to Congress and the President its "Evaluation of Benefits under the Dependency and Indemnity (DIC) Program." This study was done pursuant to Section 204 of Public Law 94-433, the "Veterans Disability Compensation and Survivor Benefits Act of 1976." The "Evaluation of Benefits" noted that 48.8 percent of surviving spouses in receipt of DIC received monthly payments based on pay grades E-1 through E-4 and their mean age, as of December 1976, was 60.49 years. The report projected a decrease in the total number of DIC recipients because of spouses' advancing age and the maturation of dependent children. Also important in the reduced number of DIC recipients is that dependent parents are experiencing an increased mortality rate while others are becoming eligible for old-age benefits.

There is a decreasing number of DIC recipients and, based on their financial needs, PVA urges this Committee to propose legislation to restructure the DIC program to care for the surviving spouses of veterans who served in the lower military pay grades. In these cases DIC should be awarded on the basis of the veteran's degree of disability, not on military pay grade, and we ask that the DIC rate be at least 75 percent of the disabled veteran's monthly compensation rate at the time of death. It must be remembered that these spouses helped disabled veterans live free of expensive institutions, at a savings to the government. Also, DIC benefits based on 75 percent of the veteran's monthly compensation rate will be computed only on basic compensation and will not include awarding a surviving spouse any portion of the veteran's aid and attendance allowance. PVA feels that this is a reasonable request for spouses who have served the nation by helping care for service-connected disabled veterans.

A second amendment to Title 38, United States Code, which PVA strongly supports relates specifically to DIC benefits for dependents when veterans have experienced service-connected spinal cord injuries or dysfunction. With the onset of such disability other bodily systems can break down in a complex manner. For instance, cardiovascular problems can arise very soon after spinal cord injury or dysfunction, and there is a high occurrence of diabetes because of urinary tract malfunction and/or hormonal imbalance. For many SCI veterans these are life-threatening conditions which arise directly from service-connected disabilities but which are not considered as being of service-connected origin for benefits purposes.

The law currently provides that if the SCI veteran dies within 10 years from onset of service-connected disability, but from causes not directly attributed to spinal cord injury or dysfunction, his surviving spouse and dependents do not qualify for DIC benefits. Therefore, PVA requests that Section 410 (b)(1) of Title 38 be amended so that in the case of any veteran who has been rated as service-connected disabled because of spinal cord injury or dysfunction resulting in paraplegia or quadriplegia for a period of less than 10 years, and such veteran dies as a result of any disease, DIC benfits shall be paid to the surviving spouse and/or children in the same manner as if the veteran's death were service-connected.

Section 351--Benefits for Persons Disabled by Treatment or Vocational Rehabilitation

Mr. Chairman, a very small percentage of the nation's veterans are entitled to certain benefits because of injury or aggravated conditions experienced "as the result of hospitalization, medical or surgical treatment, or the pursuit of a course of vocational rehabilitation." When an eligible veteran receives treatment and suffers because of, for example, medical malpractice, his benefits are awarded "as if such disability, aggravation, or death were service-connected" to the extent that he can receive monthly compensation benefits. If a veteran receiving VA compensation sues under the rights granted by the Federal Tort Claims Act of 1946 his collection of compensation is delayed until there is an offset of the amount recovered from litigation. In the case of veterans who are severely disabled by improper medical treatment there is an incentive to litigate because Section 351 of Title 38 does not provide full service-connected benefits such as housing and automobile grants and survivors' benefits for dependents which are granted to other veterans rated 100-percent-disabled. Also, veterans injured prior to 1946 have not even had this alternative available to them and have had to rely only on monthly compensation benefits.

For catastrophically disabled veterans who were injured because of misfeasance by an employee of the federal government in a VA program there is the sudden and unexpected need for adaptive housing, for example, for which Section 351 of Title 38 makes no provision.

In June 1981, the Veterans Administration provided PVA with an analysis of the number of veterans receiving benefits under Section 351, and the breakdown, by percentage of disability is as follows:

0%	1	60%	21
10%	36	70%	22
20%	38	80%	15
30%	29	90%	4
40%	42	100%	35
50%	19		

This is an extremely small number (262) of veterans who have experienced severe disabilities through and who are in receipt of compensation under the provisions of Section 351. They have been disabled, quite often, because of the negligence or carelessness of government employees. These veterans have not received benefits equivalent to those which others who have been injured in service to the nation (or who have been injured through errors of the government) have received.

Mr. Chairman, the government has recognized its liability to citizens in certain circumstances, as evidenced by implementation of the Federal Tort Claim Act of 1946, and Congress has further recognized governmental responsibility by implementation of Section 351 of Title 38, United States Code. Section 351 is intended to reduce litigation and to help veterans who suffer injury through no fault of their own.

PVA requests that Section 351 be amended to provide all complete service-connected disability benefits, commensurate with degree of disability, for veterans who qualify under this Section.

Service-Connected Disability Compensation

PVA wishes to thank the Members of this Committee for securing passage of Public Law 97-66, the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981". This law increases the rates of disability compensation for disabled veterans by an average of 11.2 percent. PVA has always supported a viable disability compensation program to care for the needs of service-connected disabled veterans and their families. We must stress that increases in compensation should always keep abreast of the effect of inflation for all service-connected disabled veterans. For the last four years increases in compensation benefits have run slightly behind the rate of inflation as indicated by the Consumer Price Index. As noted earlier, PVA anticipates that the Administration's recommended increase for Fiscal Year 1983 in compensation benefits of 8.1 percent will be adequate to offset the effects of inflation this year. However, PVA is concerned because there has been much discussion given to changing the method by which the CPI is computed. Should the Administration's proposal be based on a method of computation which is less accurate than that which has been utilized, there remains the likelihood of continued adverse effects on service-connected disabled veterans and their families.

Mr. Chairman and Members of the Committee, PVA would like to take this opportunity to express its sincere appreciation to each of you for your continued efforts to improve the quality of life for service-connected disabled veterans and their families. This dedication was recently affirmed when Congress passed the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981," Public Law 97-66. Once again, this Committee reviewed some of the more urgent needs of veterans and worked to improve the applicable programs. For example, not only were compensation, Dependency and Indemnity Compensation, and the clothing allowance increased by an average of 11.2 percent, but veterans who have lost or lost the use of both upper extremities received added consideration which they so fully deserve. The one-time automobile grant for service-connected disabled veterans was increased from $3,800 to $4,400, which realistically reflects the rising cost of transportation, and automobile adaptive equipment assistance was extended to those who have experienced ankylosis of a hip or knee and who need equipment for personal safety or to meet state licensure requirements.

Public Law 97-66 further reflects your recognition of the housing needs of veterans and authorizes the VA to guarantee graduated-payment mortgage loans, and it increases from $30,000 to $32,500 the maximum amount of grant for acquisition of specially adapted housing.

These are but a few of the provisions of Public Law 97-66, the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981," and PVA considers them as evidence of your dedication to the nation's veterans.

Presumption of Service-Connected Disabilities

Some veterans have experienced paralysis because of syringomyelia, pernicious anemia, amyotrophic lateral sclerosis, or transverse myelitis. These are diseases or dysfunctions which have similar effects on the individual, and all four are of unusual origin, perhaps arising from trauma (as with syringomyelia) or perhaps from exposure to toxic substances. The person on active military duty is quite likely to undergo unusual physical stress or to be subjected to harmful substances, and during the First Session of the 97th Congress the Committees on Veterans' Affairs entertained legislation which would have alleviated financial hardships for certain of these veterans.

PVA remains very grateful to Members of Congress who have introduced legislation which would recognize a presumption of service-connected disability for veterans who have experienced certain neurological disorders. We are especially thankful to Representative John Paul Hammerschmidt for introducing H.R. 4308. This bill would would provide a seven-year presumptive period for those veterans rated as 10 percent disabled because of amyotrophic lateral sclerosis. Congress has already provided a similar seven-year period of presumption of service-connection after discharge in cases of multiple sclerosis, and we ask that this same benefit be extended to the very small number of veterans who have experienced syringomyelia, amyotrophic lateral sclerosis, transverse myelitis, and pernicious anemia. We sincerely trust that this Committee will work in the near future to more closely examine the needs of veterans with these unusual and very destructive neurological conditions.

Summary of PVA's Income Maintenance Priorities

In summary, PVA strongly supports legislative change of the Dependency and Indemnity Compensation program whereby the surviving spouse would receive DIC benefits equal to 75 percent of the veteran's compensation rate at time of death, in cases where veterans served in the lower military pay grades.

Because of the great expenses faced by catastrophically disabled non-service-connected disabled veterans, we request that the aid and attendance allowance for NSC pension recipients be made equal to that for service-connected disabled veterans in receipt of compensation. We ask, also, that Congress remove the work disincentives contained in the NSC pension program. Such amendment to Title 38 would result in significant savings for the government.

Finally, PVA urges dedication by this Committee and Congress to maintaining adequate rates of compensation benefits so that service-connected disabled veterans will not be further penalized for their sacrifices made in defense of the nation.

Employment

Employment for veterans, especially for disabled veterans, continues to be one of PVA's major concerns. Employment has received a lack of emphasis when, in fact, it is a very important aspect of veterans' readjustment upon leaving military service. As was noted earlier in this statement, Congress has authorized an improved, more comprehensive veterans rehabilitation program but has not made available expanded funding to make the program's operation successful.

An examination of the President's budget request for the federal government during Fiscal Year 1983 reveals an emphasis on reduced expenditures for all federally funded and assisted programs dealing with employment and education. For example, under the Five-Part Budget Savings Plan, there appears the intention of the Administration to cut all vocational education and rehabilitation grants by one-third; therefore, it should not be a surprise that the VA's budget request for FY'83 has so strongly curtailed spending requests for veterans rehabilitation programs.

The reduced support for rehabilitation efforts comes at the same time (and from the same sources) that publicaly financed subsistence allowances are being reduced for disabled Americans. This is an incompatible stance, in PVA's view, because disabled Americans generally, and veterans especially, need effective rehabilitation programs to remain available, if they are to return to the work force.

Closely related to the underfunding of the rehabilitation programs in both the VA and government -wide is the virtual abolition of the VA's small business loan program as authorized very recently in Public Law 97-72. Under this new program the Administrator of Veterans Affairs has the authority to assist disabled veterans and veterans of the Vietnam era in their pursuit to establish small businesses for themselves. Again, this is a category of business enterprise which is suffering the most today from economic forces, and it is the one which the White House most often speaks of as standing in need of assistance—it is also the one most often used when the President evokes the image of American business enterprise.

PVA is very grateful to the Members of this Committee for working to achieve Congressional authorization of the small business loans to veterans, as administered by the Veterans Administration. On numerous occasions in the past, such as during last year's annual legislative statement by PVA, we have pointed out the SBA's failure to implement the provisions of Public Law 93-237 whereby veterans are to receive "special consideration." In short, the Small Business Administration has openly defied the law by extending funds to other applicants while veterans' applications for loans have been systematically denied. We also pointed out during those discussions that the SBA's Handicapped Assistance Loans (HAL-1 and HAL-2) were, at that time, the only direct loan funds available for disabled veterans, but these funds are for all handicapped citizens and not just for disabled veterans. Funding proved to be too low to meet the needs of this portion of the population.

While the Administrator has authority to assist veterans in their small business pursuits, through the advancement or guarantee of loans not in excess of $200,000, he will have, under the Administration's budget proposal, no funds with which to extend this service.

On the day of release of the FY'83 budget proposal, February 8, 1982, the VA briefed the veterans service organizations on the new budget request. At that time representatives from the VA were asked why the Administration seeks to provide no funding for this valuable program in FY'83, and they responded that the VA's efforts were duplicative of those of the Small Business Administration.

Disabled persons encounter great difficulty in receiving financing for business ventures from private lending institutions. Hence, disabled veterans are covertly penalized for their service to the nation.

The provisions of Public Law 97-72 were intended to alleviate the ills identified above; however, unless funding is made available these worthy efforts made by the Members of this Committee will fail, and disabled veterans will once again be subjected to the lack of consideration for which the SBA has become noted.

Veterans Administration Insurance Programs

The insurance programs administered by the Veterans Administration have long served as a necessary resource for many veterans (particularly severely disabled veterans) who otherwise would not have access to commercial insurance providers. The maximum levels of these insurance programs have not been increased in recent years and the effects of inflation have reduced the efficacy of them. For veterans to be well-served by these programs they must reflect the prevailing economic conditions of the nation and need to be increased to levels comparable to those offered through commercial insurance.

Veterans Mortgage Life Insurance

Veterans Mortgage Life Insurance presently provides a maximum $40,000 coverage, which is inadequate for today's rapidly escalating housing costs. The average cost of a new home in December 1981, was $83,500, up from $68,000 in November of 1980. For existing, previously owned homes the cost and increases are similar, with a December average cost being $78,000, which is a $13,700 increase over the previous thirteen months. In the case of severely disabled veterans, accessible housing costs are considerably higher. This Committee recognized the problem when it provided for an increase from $30,000 to $32,500 in maximum amounts of specially adapted housing assistance. (Public Law 97-66, Section 502)

If the VMLI program is to continue to function as a means for a veteran to provide housing security for his spouse and dependents it is essential that the coverage available accurately reflect the prevailing housing market.

National Service Life Insurance

National Service Life Insurance is another Veterans Administration program that has not been increased to offset the effects of inflation. Eligible veterans cannot purchase sufficient NSLI to provide income security for their families. The need for an increase in the maximum level of NSLI is particularly critical for severely disabled veterans who cannot purchase commercial life insurance or for whom premium rates for commercial insurance is prohibitively high. PVA strongly supports an increase in the maximum amount of life insurance available to veterans, specifically an increase to $50,000 maximum for NSLI-RH policies. An increase in the RH policy program would allow service-connected disabled veterans to more adequately provide for their spouses and dependents and negate the lack of private insurance available to them.

Summary of PVA's Veterans Insurance Coverage Priorities

PVA requests that the maximum available life insurance for service-connected disabled veterans be increased to $50,000 in recognition of their frequent preclusion from purchasing of commercial life insurance. Also, because of the rising housing cost, there needs to be a corresponding increase in maximum available Veterans Mortgage Life Insurance.

Automotive Adaptive Equipment

Mr. Chairman, the members of PVA are gravely concerned about proposed changes in the automobile adaptive equipment program. We understand that the proposals being considered by the VA would restrict current availability of the equipment provided through authority of Sections 1901 and 1902 of Title 38, United States Code. This type of equipment alleviates a very special need for catastrophically disabled veterans. PVA requests that the Committee work to ensure that proposed changes are not utilized to restrict service to those severely disabled veterans who require automotive adaptive equipment to achieve even limited mobility.

PVA wishes to applaud the VA's efforts in attempting to solve problems at the Veterans Administration Rehabilitation Engineering Center. We wish to thank the Committee for its oversight of the adaptive equipment program and for the opportunity to present our views for consideration. PVA remains supportive of central management of the VA prosthetics system.

Improved Computer Operations

PVA is pleased to see that the VA is in the process of reviewing its automated data processing capabilities. The designation of Deputy Administrator Hagel as coordinator of VA ADP activities indicates the seriousness with which the VA is approaching this important area. We are pleased to see a provision indicated in the FY'83 budget for the provision for individual VA facilities to acquire increased capabilities through the use of mini computers.

PVA recommends that VA computer capabilities be further expanded within the Department of Medicine and Surgery, and that future computer systems link DM&S and DVB. An example of the need for this linkage is when PVA requested from DM&S a register of spinal cord injured veterans: DM&S was unable to meet this request, while DVB stated that they had the necessary data and the ability to provide it. The use of improved data processing services by DM&S can be applied to the maintenance and retrieval of records, more cost-effect use of VA pharmacies, and, generally, better service to veterans. PVA recognizes that increased computer utilization cannot be accomplished overnight; however, additional delays will only serve to perpetuate inefficient operations and to increase installation costs.

Conclusion

Mr. Chairman and Members of the Committee, I have attempted to itemize PVA's legislative priorities and to explain why these changes to Title 38, United States Code, are needed. Some of these concerns expressly address issues which affect catastrophically disabled veterans and their families. We have also emphasized programs, issues, and areas which will improve the quality of life for many, if not all, veterans. Please keep in mind that PVA is also concerned for the well-being of taxpayers, many of whom are veterans and who do not directly receive benefits and services through the Veterans Administration; therefore, our proposals collectively are to improve benefits for eligible recipients and at the same time reduce waste where possible. For example, PVA proposes increasing the aid and attendance allowance for catastrophically disabled non-service-connected veterans and at the same time we propose removing work disincentives from the NSC pension program so a greater number of disabled veterans will return to gainful employment and self-sufficiency. We also support a strong, viable, independent VA health-care system while we seek greater efficiency within it. PVA feels that improved computer capability will make the system more responsive to veterans' needs and at the same time reduce the cost of administering this expansive system. We are certain that the Members of this Committee, both individually and collectively, share views similar to those of PVA. I, on behalf of the members of PVA, truly appreciate the role each of you plays in helping those who have given of themselves in service to the nation. As mentioned at the outset of this testimony, the typical American does not require inducement to serve this nation. Most Americans, when called upon to serve in the Armed Forces, have dreaded disrupting their personal lives but have weighed the fact that no other government or society has allowed the self-fulfillment of the individual that America offers. They went, they served, and they returned home to peacefully resume orderly and productive lives. Some have been severely injured or distressed by their military duties, but very few have ever said that they would hesitate to serve if called upon a second time.

The assaults on veterans' programs and benefits appear to be mounting. During the past several years efforts by the Administration, particularly the Office of Management and Budget, have been aimed at reducing the scope of programs and benefits provided by the Veterans Administration. And, again this year the proposed VA budget contains recommended legislative changes which will eliminate or reduce previously enacted assistance to veterans. Even more ominous than these actions are the proposals presented by the Congressional Budget Office in the report "Reducing the Federal Deficit: Strategies and Options." The CBO has enumerated, as possible ways of reducing the federal deficit, the taxing of veterans' disability compensation, the elimination of the pension program for non-service-connected veterans, limiting payment of compensation to only certain service-connected disabled veterans, and the closing of a number of VA hospitals. These actions and proposals are not consistent with the nation's recognition of the service and sacrifice made by veterans and PVA hopes that this Committee will continue its efforts on behalf of America's veterans.

Mr. Chairman, and Members of the Committee, with great concern being given to fiscal realities, but with even greater concern for the 30,000,000 Americans who have served in uniform, PVA has stated its legislative priorities. The members of PVA recognize that this body wants to compensate veterans for their service and sacrifice. We have seen this desire reflected in excellent programs created by this Committee. When we criticize certain VA programs or procedures we comment merely on implementation, not on Congressional intent. Our goal is to make the programs which you have created work efficiently and to their fullest potential. National priorities are reflected through the authorization/appropriation process; therefore, the greatest expression of concern for veterans which this Committee can display is to persuade others in Congress to preserve existing veterans' programs and to make them serve the persons for whom they are intended. PVA knows you have done this in the past, we feel confident you will in the future, and we again thank each of you for serving in Congress and on this Committee. I appreciate the opportunity of testifying on behalf of the members of PVA and I will address any questions that I can.

Senator DECONCINI. Your suggestions of a commission may have some merit. It seems to me that what the committees did, however, last year with the 1982 budget and the Reconciliation Act was an indication that this Committee, at least, is willing to take on some of these battles in behalf of American veterans. I don't object to a commission, and it is a good suggestion, but I like to think that we here are closely communicating with the veterans. I know that I am in my State, and I think that everyone on this committee does, and I also know that the chairman does, and your suggestion is very good. But I am concerned about the potential freeze on construction.

I didn't read and understand it to be an absolute freeze. Maybe I am just holding up some hope that the Administrator is reevaluating the criteria for construction. I hope that is all it is. I can assure you that if it is a freeze, he is going to have a battle on his hands from this Senator. I don't want to accuse him of doing that until I have had an opportunity to address him personally. I have talked to him before. I heard him speak at the VFW last year when I was speaking there, and he spoke about construction. So I would find it very disturbing if indeed he was talking about curtailing all construction. So I am going to give him the benefit of the doubt and a little more time before I come to that conclusion.

Mr. DELANEY. Thank you, Mr. Chairman, for that comment. With regard to the issue of the commission concept, our concern and our fear is not that the Senate Veterans' Affairs Committee or the House Veterans' Affairs Committee do not communicate with the veterans' organizations, or indeed, their constituents. Our concern is that OMB continuously takes it upon themselves to make decisions that we feel should be left to the committees. The administration follows suit and supports OMB in many of these instances. Our concern is not with the committees but with OMB and the administration, and I am not talking about just this administration.

Senator DECONCINI. I agree with you. It doesn't seem to make much difference who is in the White House when it comes to veterans. There seems to be someone in OMB that really wants to change the whole structure and direction of the Veterans' Administration, and that is always disturbing to me.

Your reference to the Heritage Foundation is, I think, most interesting, too. I wonder where they get their expertise to recommend eliminating so many hospitals. I find it very objectionable for a credible organization like that to expound in such a manner without consultation with the Committees, and without any consultation with veterans' organizations.

Mr. DELANEY. Yes, sir.

Senator DECONCINI. Thank you, Mr. Delaney. We are pleased to have you here today.

Mr. DELANEY. I would like to note, Mr. Chairman, that we have one of your constituents here today, Mr. Frank Rigo, secretary of National PVA.

Senator DECONCINI. Yes. Where is Frank? We are glad to have you here today.

Mr. DELANEY. If I could make one more comment concerning your comment on construction, we are very concerned about this moratorium, or whatever it is. Demographic studies are certainly needed in determining placement of new facilities or expensive equipment. We have testified to this in the past.

However, sufficient justification for many of these projects is already on the books. It is abundantly clear to us that many of these facilities are antiquated, overcrowded, with fire hazards. Numerous studies have already been done, at a cost to the Veterans' Administration and the taxpayer.

We don't feel that the majority of these construction projects should be postponed. We feel that it is probably a delaying tactic used by the administration to try to further reduce the budget a little later down the line.

Senator **DeConcini**. Mr. Delaney, I may come to that same conclusion. I am hopeful that it is not, but I can assure you from all veterans' construction, but certainly from the State of Arizona, we have some that are slated there that I know firsthand are needed, and I am sure that is true in many States, or maybe all of the construction projects.

There will be a loud scream from this Senator and others if, indeed, it is a stall and not a true assessment. I can tolerate a week or two, or a few weeks, of assessing them and then proceeding with them, but I am not going to be a Senator that sits by and lets it be used as a balance-the-budget domino or a chess game.

Thank you.

Mr. **Delaney**. Thank you.

Senator **DeConcini**. Next we will have the national president, Ellsworth L. Sharpe and legislative chairman of the Blinded Veterans Association, George Stocking.

Then after that we will hear from the national commander of the Veterans of World War I.

Gentlemen, welcome here today. You may proceed.

TESTIMONY OF ELLSWORTH L. SHARPE, NATIONAL PRESIDENT, BLINDED VETERANS ASSOCIATION, ACCOMPANIED BY DR. GEORGE E. STOCKING, NATIONAL LEGISLATIVE CHAIRMAN

Mr. **Sharpe**. Mr. Chairman and members of the committee, George Stocking, chairman of the Blinded Veterans Association Legislative Committee, and I are privileged and we would like to thank you for inviting us here to talk about our legislative program today.

As you know, the Blinded Veterans Association represents a special group of veterans with very special needs. We try to accomplish our goals with a positive outlook. We encourage veterans to help other veterans realize their abilities that compensate for their losses and their disabilities.

We are not the only ones, however, who have the blinded veteran in mind. The Senate has supported many of our programs in the past, even to the extent last year when the chairman and several—most members of your committee—cosponsored a bill which made Blinded Veterans Recognition Day last August 13. I would like to thank you again for that.

The first item I would like to talk about is the cost-of-living adjustment. As you know, most blinded veterans are on fixed incomes. Eighty percent of our blinded veterans do not work for many reasons—some multiple disabilities, as an example. The budget has suggested that an 8.1 percent cost-of-living increase be added in October.

However, during the past year the cost of living has been somewhat higher, especially in recent months. The cost-of-living adjustment is normally computed in March and based on numbers collected earlier. Therefore, in October, we are already 6 months behind. So, we would wish the committee to suggest to the Senate that the cost-of-living increase be consistent with the cost-of-living index.

We also have discovered several unfair policies in regard to section 314 of title 38. George Stocking will address these inequalities.

Dr. Stocking. Thank you. At the present time, there are a number of areas in which we feel inequities exist relative to section 314, the compensation ratings of the Veterans' Administration.

Some of these are determined by congressional action and some by the action of the Veterans' Administration. We would like to point out several that would require congressional action in order to make changes.

First, at the present time, those individuals who are totally blind, having no light perception, are rated at a lower rating than those individuals who have bilateral nucleation or who have deformity or scarring of the eye.

We feel that an individual who is totally blind, has no light perception, should be rated at the same rating as an individual who has nucleation or scarring or deformity. In most instances the loss of extremities are related to "loss of" or "loss of use of." We feel that the loss of use of their eyes, being totally blind, is equivalent to loss of those eyes.

It is also possible for an individual with scarring or deformity to have some light perception but yet be rated higher than an individual with total blindness. We would recommend that this committee introduce legislation to take that inequity into account. In addition we feel that the present rating of blindness, in combination with hearing loss, is inequitable. It is obvious that an individual who is blind uses their hearing as a primary input of information. For mobility purposes and general functioning, hearing is the primary means at our disposal.

If there is a loss in that area it is a pronounced one—greater than if it was a hearing loss, alone. We would recommend that Congress consider legislation to remedy the combination disability inequity.

Another inequity is the instance of a person who is blind who has suffered the loss of an extremity. The individual who has lost a hand or a foot loses tactile abilities that help them keep in touch with their environment, and again, with mobility and other areas. Such a loss makes it more difficult for them to function in that environment.

We would recommend that the Congress consider changes in that rating schedule. We have attached to our written testimony a bill that has been previously introduced which would take into account these combinations of blindness with losses of hearing and extremities, and I would recommend that this committee introduce that legislation.

In addition there are some areas relative to the loss of visual acuity and visual fields which are rated below 100 percent at this time. These are areas in which the Veterans' Administration makes a determination on ratings. We have recommended that Congress consider, in their oversight capacity, that a person who has lost acuity and fields together is more disabled than an individual who only loses one. At the present time the VA rates the combination the same as if there was only one loss.

In the same instance, individuals who have lost the field of vision—that is, their peripheral vision—have only three ratings: 50 percent rating, 70 percent rating, and paragraph L. We would recommend that the differential between these various losses be more equitably considered if an individual who has lost their field of vision less than 10° be rated at 100 percent—10° at 90 percent—15° at 80 percent and 20° at 70 percent. This would make the various losses of the visual field more equitably compensated.

Further, we would recommend that those individuals rated at paragraph N—that is, totally blind, would be given the lower tier, R-1, aide and attendance allowance. The compensation generally is considered relative to economic loss. This is more than just loss of earning capacity; it should also consider the extra cost of the disability—that is, transportation costs, costs of reading services, and all these other types of things that a totally blind person encounters but another individual does not. At present there are 439 people rated at paragraph N and 200 rated as N½. It would cost the United States 6.4 million annually maximum to provide aide and attendance allowances for these individuals, and I would recommend that this committee institute such legislation.

Further, since World War II, the United States has been at war actually for 15½ years, yet, because of cutoff dates, the individual receiving eligibility for pension had a time period of a total of 20 years.

Some of those individuals served in peacetime, whereas other individuals who had served in peacetime were not eligible for the pension. We would recommend that the Committee consider legislation to improve that inequity.

In 1967 the Veterans' Administration established visual impairment service teams which would provide outreach and followup treatment for blinded veterans. It did not provide funding or staffing or training for these individuals.

Fifteen years later there has only been an increase in seven stations in the United States providing this service and only 18 of the coordinators of these programs are full-time coordinators.

We would urge Congress in their oversight capacity to urge the VA to see to it that all of the visual impairment service teams have full-time VIS coordinators. Further, the present budget, we understand, has in it the recommendation that the subsistence allowance for individuals going into training under chapter 31, the Vocational Rehabilitation Act, would be provided only for the individual veteran, not for any of the dependents. I don't think I have to mention the inappropriate planning that this would bring to the country.

Rehabilitation is a benefit to the country, not a detriment. The financial benefit that rehabilitated individuals bring is far and away greater than any amount of cost of the training that they receive. We feel that this has been "pennywise and dollar foolish" in the administration's recommendations. We urge Congress not to institute that provision.

Also at present, there are 27 blinded veterans who are bilateral hand amputees. In 1980 Congress passed legislation establishing a housing grant for hand amputees and blinded veterans. We would urge that some consideration be given to these very, very seriously disabled veterans who have both of these disabilities and would recommend that this committee consider some type of provision for those individuals.

Mr. **Sharpe**. DIC, survivor's benefits. Presently, what a surviving spouse receives is based on the rank of the husband while he was on active duty. Supporters of this type of compensation claim that the rank is relevant to how much income the person would have made in his lifetime, and, therefore, you could base the compensation payments on that.

However, during the lifetime of the veteran, he was paid according to how much he was disabled. We believe that if a person lived 30 or 40 years, as is often the case, that his rank, while he was in the service, is not really relevant to how much money he could make.

Therefore, we believe and suggest that a fairer way would be to give the surviving spouse one-half of the disability payment that was earned—the monthly payment earned by the veteran while he was alive plus survivor's dependents allowance.

PROSTHETIC OVERSIGHT HEARINGS

Last year $65 million was spent on prosthetics and less than 1 percent of this was spent on prosthetics and needs for blinded veterans. In oversight hearings last fall new research was discussed for spinal column injury and for other prosthetics but not much to help blinded veterans. Therefore, any future oversight hearings should include consideration of prosthetics for blinded veterans.

HOMEOWNERSHIP

The fixed incomes of blinded veterans are affecting their ability to buy a house, being that housing costs have skyrocketed along with interest. Because of his disability, a blinded veteran has to live, or it is very advantageous for him to live, in an urban environment where public transportation is available, unless he wants to be dependent on someone all the time to move him from one place to another.

Therefore, if he does move to an urban area, inflation is even higher than the average. Younger veterans, who haven't had the opportunity to buy a house when interest was lower, are also affected by this.

Recently, The Blinded Veterans Association conducted a survey. We sent out 3,000 questionnaires to blinded veterans. We are still gathering this information and 1,000 of these have already been returned. Some interesting facts have developed from this survey.

Many veterans, a majority of them, said under present conditions the older veterans who already own houses would not be able to buy their own house. They wouldn't be able to afford it because of the high interest rates and the cost of the house, based on what their compensation is. One fifth of the returnees could not afford to buy a house. Many of the veterans said they could not even afford a home improvement loan to expand or to make their house more livable because of the high cost of interest.

The Veterans' Administration loans in 1959 were 12 percent. In recent months they have jumped to 16.5 percent.

Twenty percent of the blinded veterans who don't own houses and who answered this questionnaire had been forced to move because of condominium conversions. They could not afford to buy the condominium and it was either buy the condominium or move some place else.

Because of paperwork, one blinded veteran wrote, when he started applying for his VA loan at 12 percent, it had increased to 15½ percent by the time the loan got approved. This was going to be an increase of $122 a month for this veteran and the house all of a sudden was out of his affordability range; he did not buy the house.

Therefore, we are suggesting that Congress authorize the VA to grant low-interest loans to severely handicapped veterans. In this year's budget also, a user fee of ½ percent was suggested to be added on the front end of the loan. This would collect $95 million, whereas the cost of the loan program is only half that amount. We believe this payment at the front of a loan is a bad policy because already the house is so expensive. This will make houses out of reach for veterans.

Education for spouses was passed in 1968 and a 10-year time was set to use the benefit.

Many veterans who were out of the service at that time got married even recently and their spouses are not eligible. We believe that is wrong.

Also, we believe that spouses who had to take care of small children during that time and couldn't take advantage of the education allowance should be allowed to have more time to do so.

In conclusion, I would like to say that these were not the ideas of our legislative committee or of George and me. These all were resolutions passed at our national convention. Therefore, we believe and would appreciate this committee to support these resolutions.

Senator DECONCINI. Mr. Sharpe, thank you very much, and Dr. Stocking. Thank you for bringing out some of the particularities of what appear to be unexplainable inequities in some of the programs. Indeed, we will look into them. Thank you, gentlemen.

I have no further questions. I am going to have to take leave here due to votes that are scheduled to start at 11:30 on the floor. So, we will proceed now to the national commander of Veterans of World War I.

Dr. STOCKING. Mr. Chairman, we thank the committee for taking time to see us when all the staff has had so much work to do with the budget hearings. So, we appreciate your taking time to see us today.

Mr. SHARPE. Thank you.

Senator DeConcini. Thank you very much. Thank you for your fine presentation.

[The prepared statement of Ellsworth L. Sharpe, national president, Blinded Veterans Association, follows:]

PREPARED STATEMENT OF ELLSWORTH L. SHARPE, NATIONAL PRESIDENT, BLINDED VETERANS ASSOCIATION

Mr. Chairman and Members of the Committee:

It is indeed a great pleasure and privilege to appear before this committee to present the legislative program of the Blinded Veterans Association (BVA).

As you are aware, the Blinded Veterans Association is an organization concerned with the special needs of blinded veterans. We are committed to provide whatever assistance is needed to help blinded veterans overcome their visual disabilities. Our mission is a positive one. Ours is a mission that encourages blinded veterans to reach out to one another and to make use of skills and abilities in deference to visual impairments.

The BVA has always appreciated and will continue to express its support for the efforts of Congress, especially this committee, that recognize the special needs of the blinded veterans.

We are especially grateful to the chairman of this committee for his sponsorship of a resolution last year proclaiming August 13 as National Blinded Veterans Recognition Day. We also recognize the support and the assistance of the ranking minority member of this committee who has continued to speak out in favor of fair compensation benefits for disabled veterans. Senator Cranston's introduction of S. 2048, which would restore payments by the Veterans Administration for burial of an unclaimed war veteran, is an indication of his commitment to the veteran.

Now, we are here before this committee once again to suggest additional changes in programs for veterans that will eradicate inequities from the current system and offer blinded veterans the support, encouragement, and assistance that are due.

Our paramount concern today is a cost of living adjustment (COLA) in compensation and dependency and indemnity compensation (DIC) payments. The position of the BVA over the years has always been that compensation benefits should be adjusted to reflect actual increases in the Consumer Price Index.

The economy has been hard on all Americans in the last years. While blinded veterans, like all other Americans, are willing and prepared to make the financial sacrifices necessary to improve the economy, it is important that this Congress realize that veterans and their families who rely on veterans' benefits to live must be protected against the ravages of an erratic economy. The approaches taken by this administration to manage the economy--budget reductions and a new federalism--are in sharp contrast to policies pursued by previous administrations. However, veterans' disabilities and the effects and consequences of those disabilities are unchanged. If anything, increased costs of goods and services only wreak havoc with a disabled veterans' population whose standard of living already is a depressed one. As such, it is BVA's request that the cost of living adjustment not be set unrealistically low to save federal dollars and that, instead, this Congress recognize the sacrifices and services already offered by veterans.

In its recent budget message the administration proposes an 8.1% increase in compensation payments. This figure, however, does not correspond to recent increases in the Consumer Price Index. By nature, compensation payments are after the fact increases that do not often reflect current costs of goods and services. Today it is nearly impossible to keep up with the costs of consumer products.

We urge this Congress to adopt policies that will enable disabled veterans to maintain the standard of living to which they are accustomed. It is our hope that this Congress will not ask disabled veterans to sacrifice equitable and essential increases in compensation rates. In essence, we urge this committee to set the cost of living adjustment as closely as possible to the exact change in the Consumer Price Index.

DISABILITY RATING SCHEDULE

The BVA has testified before this committee on several occasions to request changes in the VA disability rating schedule. We have testified in the past that the schedule is inherently unfair to blinded veterans; that is, that the compensation payments do not adequately reflect the disability and the financial costs of that disability. As we all know, it is quite difficult and tasteless to equate the degree of disability with a monetary figure. However, we must remember that these monetary payments are intended to compensate for the ongoing average financial loss that is being incurred as a result of the disability.

Therefore, we have come before this body again to request that the inequities in the disability rating schedule be remedied. We seek today specific changes in Section 314, and we respectfully ask that you consider these suggestions and improvements in the disability rating schedule before this session expires next December.

The BVA believes that the disability rating schedule does not adequately recognize the various types and degrees of blindness among veterans. We see several problems in this area.

First, we think that a veteran who is totally blind in both eyes, having no light perception, should be rated equally to a veteran with anatomical loss of the eyes or with eyes having deformity or scarring. Although in both instances the veterans are equally without vision, the latter case currently is rated more disabled than the former. In fact, the inadequacy of the current rating schedule is such that it is possible for a veteran with a deformity or scarring to have some light perception in one or both eyes. Yet, he would still be rated more disabled than a veteran with no light perception in either eye, but without deformity or scarring. We believe that individuals who have no light perception should be rated the same as veterans with bilateral anatomical loss of the eyes or as veterans with deformity or scarring to the eyes. We encourage this committee to recommend legislation that would increase the compensation for veterans with no light perception to subsection (n).

Second, equally unsatisfactory to the BVA is the current method of rating blindness in combination with hearing losses. It would seem to be obvious that the sense of hearing becomes the principal avenue of information for a blinded veteran. Impaired hearing significantly compounds problems encountered by blinded veterans in their daily living and vocational pursuits. Even minor hearing losses can affect a blinded veteran's directional orientation, thus seriously restricting his mobility in an unfamiliar area. Currently, except for a few statutory provisions dealing with loss of hearing in combination with loss of sight, the Veterans Administration assigns percentages of disability for hearing losses occurring in blinded veterans as if such hearing losses occurred in individuals with normal vision.

Attached to this testimony is a copy of previous legislation that was introduced in the House of Representatives to correct this inequity. (Attachment 1) We encourage members of this committee--collectively and individually--to consider such legislation and introduce it in the House of Representatives.

Third, The BVA is very concerned about the method used to rate blindness in combination with loss of extremities. The schedule is deficient in that it fails to adequately recognize the effect of such additional service-connected disabilities on a blinded veteran.

The loss of tactile sense resulting from use of an artificial hand or foot is considerably more handicapping when it occurs in combination with blindness, since such loss deprives the veteran of essential contact with the environment.

Fourth, the schedule and regulations contain no provision to rate the loss both of visual field and visual acuity. However, the two occurring in combination are considerably more handicapping than either occurring alone. We urge that the schedule be amended so that blinded veterans with loss of both visual acuity and visual field be rated as more disabled.

And fifth, the schedule does not adequately compensate blinded veterans who suffer from severe field defects. The normal visual field is 180°. This translates into an ability to see everything--with the exception of what is behind you--without turning your head. When a veteran has a field defect such that the widest diameter of visual field subtends an angular distance less then 10 degrees, that is a severe disability. His visual field, then, is less than 6% of the norm. We think he should be rated 100%

disabled. Similarly, we feel that a veteran whose visual field subtends an angular distance no greater than 10 degrees should be rated 90% disabled and a veteran with a field of vision no greater than 15 degrees should be rated at 80%. Presently, in all three cases the veteran is rated the same--70% disabled.

AID AND ATTENDANCE

A very important concern of the BVA with disability compensation concerns the aid and attendance award for service-connected disabled veterans. We believe that blinded veterans rated under subsection (n) of Section 314 should be entitled to the lower amount of aid and attendance provided under subsection (r).

As of September 30, 1981, the Veterans Administration listed a maximum of 639 veterans on the compensation rolls who could be helped by making such a change. The total cost to grant the lower tier aid and attendance award ($844 per month) for the next fiscal year would be no more than $6.4 million and probably significantly less due to the number ranked as n 1/2 who already are entitled to subsection (r) because they are also rated under subsection (k). This is a small amount when considering the constituency to be helped and the impact of such assistance.

Such a change in the system would be consistent with the philosophy and rationale behind the VA rating schedule. The schedule was designed to reflect average economic loss. Yet, it is well-known that the blind experience greater difficulty in locating jobs and maintaining a regular income than any other segment of the disabled population.

Sighted people--even sighted people who suffer from some other form of disability--take many things for granted--things, for instance, like minor home repairs and maintenance, mowing the lawn, driving a car, and reading. However, these are things for which blinded veterans need help--assistance--aid and attendance. Our request is a very modest one. Providing blinded veterans the lower tier aid and attendance would give us the financial means to enlist such services.

Additionally, we would like to see Section 315, subsection (1) amended by adding a special dependent allowance for the disabled adult children of service-connected disabled veterans similar to that now provided for disabled spouses.

By enacting P.L. 94-433, the 94th Congress acknowledged the increased costs incurred by a disabled veteran whose disabled spouse is in need of aid and attendance. Similar costs are incurred by disabled veterans who have disabled adult dependent children in need of aid and attendance; therefore, a similar allowance should be provided.

DEPENDENCY AND INDEMNITY COMPENSATION

The BVA believes that the present rate schedule for the payment of dependency and indemnity compensation benefits to surviving spouses and dependents is unfair and should be amended. DIC rates are determined by the highest rank or grade held in the Armed Forces by the disabled spouse, whereas disability compensation is paid in like amounts for like disabilities. It does not stand to reason that the surviving spouses of disabled veterans should be paid different amounts when those same veterans were paid equal amounts during their lifetimes.

The present policy is based on the rationale that DIC is compensation for lost earnings and that there is a correlation between military pay levels and levels of post-service earnings. Its supporters argue that it would be inequitable to ignore service pay grades in the DIC schedules because a veteran who served in a higher military pay grade probably experienced a greater loss of potential earnings than a veteran who served in a lower pay grade.

Quite bluntly, we are not convinced that this argument has any merit. From our experience, the previous military grade earned by a veteran and his financial status at the time of his death do not have a strong relationship unless the death occurred while on active duty. There is not a strong relationship when that service occurred 30 or 40 years earlier. Moreover, we believe that the greater inequity is that the survivors of two disabled veterans, who, as far as compensation is concerned, are equal in all respects other than their former military pay grades, are treated unequally.

The BVA recommends amending Title 38 by changing the DIC rate for a surviving spouse of a veteran receiving 100% compensation to 50% of the compensation paid to the deceased veteran plus dependency allowance. This would eliminate any discrimination in the current law.

EDUCATION BENEFITS FOR SPOUSES

Members of the BVA also have expressed some concerns in past years related to education benefits for spouses. By enacting P.L. 96-466 in 1980, Congress reestablished the principle that veterans be granted an extension for education benefits eligibility. Chapter 35 also provides an extension for spouses equivalent to the period when these individuals incurred disabilities that precluded their entry into or completion of an education program.

The BVA believes that this principle should be expanded to allow those spouses eligible for education benefits an extension of the ten year delimitation period equal to the time that they were caring for pre-school children or a disabled veteran. We feel this is justified in that such spouses have been limited in their ability to utilize the education benefits.

Similarly, we believe that the period of eligibility in the case of a veteran's remarriage or first marriage, if the veteran married later in life, should be extended ten years from the date of such a marriage.

PENSION

It is also the BVA's belief that non-service connected disabled veterans should be eligible for a pension, whether or not service occurred in time of war. Eligibility for most other veterans' benefits programs is based on honorable service to the country whether this be in time of war or peace. Thus, we believe that eligibility for pension benefits should adhere to the same principle. Additionally, it is important to note that nearly one-third of the time considered wartime is actually peace time. In effect, some who actually served in time of peace receive pensions as if they served in wartime. In some instances, some veterans have missed wartime cut-off dates by only a day or two days. We think this is unfair to those disabled veterans who served in peacetime.

HOME OWNERSHIP

The BVA is most concerned with the inability of the service-connected blinded veteran to own his home. This concern has been increasing in past years in proportion to the dramatic increases in home costs and interest rates.

We must remind this committee that the incomes of disabled veterans are fixed incomes. Blinded veterans have struggled simply to keep up with the cost of living. Food and utilities continue to take greater chunks from disability incomes.

Although continuing high inflation and interest rates hurt all citizens and impede their ability to own homes, it is the segment of the population on fixed incomes who see the dream of home ownership fading into the fantasies of a child's picture book. The situation is especially tragic for the severely disabled veteran, who because of his disability incurred in service to the nation has seen his social and economic mobility frustrated and, in some cases, even halted.

Housing patterns of disabled veterans further aggravate the situation. By the nature of their disability and reduced individual mobility, the blinded veteran is forced to live within the inner city where public transportation is more accessible. And as we all know, housing costs in urban centers are higher than those in rural settings.

The financial difficulties of buying a home also are compounded by the nature of today's housing market. Not only are interest rates and housing costs high, but there also have been major changes in rental living. More and more rental units, especially in urban centers, are being converted to condominiums or cooperatives requiring tenants either to meet the high prices or move to a less desirable location. Such difficulties are compounded even more by the fact that many savings and loan associations and banks will not make GI and FHA home loans. The problem is most acute for the veteran--especially the younger veteran--not fortunate enough to have purchased a home when interest rates were realistic.

In an effort to learn more about the special housing needs of blinded veterans, the BVA recently conducted a survey of service-connected blinded veterans.

More than 3,000 service-connected veterans were sent questionnaires. This survey was not developed as an unquestionnable scientific instrument of public opinion. The BVA simply wanted to learn more about the nature of housing needs among blinded veterans. We are still receiving responses in the mail, so our tabulations are preliminary. However, we do not expect the basic findings to change much.

Our preliminary findings include some very interesting and surprising information. These findings document the need for some additional housing assistance.

Of those who responded, the majority already owned or were paying on a home mortgage. However, there was a very visible minority, nearly 15%, who could not purchase a home. Of this number, two-thirds said that the high cost of housing, that is, the combined cost of the house, itself, and the interest, was so high as to discourage them from even trying to purchase a home.

One fourth of this group, however, had tried unsuccessfully to purchase a home. Yet, it is clear that the perception and the reality of high housing costs prevent many blinded veterans from including home ownership as a likely personal and family objective.

Approximately one-third of the non-homeowners and one-fifth of all respondents commented that lending institutions were reluctant to make VA or FHA loans. Quite frankly, we were surprised that these numbers were so high.

The overwhelming comments made by respondents related to high interest rates. Many homeowners commented that they could not afford to buy their same house in today's housing market. Also, many homeowners commented that they would like to move to a better house but could not because of today's housing market, and some added that home improvement loans were beyond their financial capabilities.

We also learned the obvious--that is, the veteran who already owns his home has no need for a VA program that would extend direct low interest loans. Those who would benefit are veterans, especially younger veterans, who have never had the opportunity to buy homes when interest rates were at lower levels. In fact, the evidence from our survey indicates that most of those non-homeowners in our survey have failed to get loans since 1979 when the prime interest rate hit 15% and the VA rate hit 12%. The increase in both rates over the years is only exacerbating the problem. Today, the prime rate is 17% and the VA rate has just been increased to 16.5%.

Our survey also demonstrates to us that a new problem is beginning to impact on blinded veterans--a problem that some housing analysts contend is limited to urban areas and apartment renters. Nearly 20% of all non-homeowners in our survey had been forced from rental housing due to condominium or co-operative conversion. Again, this is a problem that is only likely to grow in severity in future years, as it is apparent that condo and co-op conversions are more than just a temporary trend in urban centers.

The survey also identified the very stringent financial limitations on veterans. The story of one respondent best highlights the financial problems of blinded veterans. While this veteran's paper work was being processed by the VA, the VA interest rate rose from 13% to 15 1/2%. This increased his payments by $122/month. He could not afford the increase, and, consequently, this veteran still does not own his home.

Home ownership has always been thought of as a by-product of the American way of life. Home ownership also has often been viewed as a critical factor in the social development of the American family.

The BVA feels very strongly that the Veterans Administration has a responsibility to help service connected disabled veterans rated as "n" or above obtain home loans. More specifically, the BVA recommends that Congress enact legislation to authorize the VA to establish a program of direct, low interest home loans to these veterans.

The drastic changes in recent years in the housing market warrant such a program. Even for the average American family, the probability of home ownership is more and more remote. For the blinded veteran, whose income is linked to and determined by the judgement, wisdom, and fairness of government officials, even the possibility of home ownership is more and more remote.

Unfortunately, the administration proposes to increase the financial costs of home ownership for veterans. In its budget sent to Congress last month, the administration proposes to establish a 1/2 of 1 per cent loan processing fee to go into effect in 1983. It is our understanding that this fee will be added to the total home mortgage costs, and it is expected that nearly $95 million in income will be generated and returned to the general treasury. This income is nearly twice the government's costs to administer the VA home loan program. This proposal amounts to no less than a special tax to defray the administrative costs of government benefits for veterans. At a time when the costs of home ownership are at an all time high, it seems unreasonable to add even another penny to already inflated mortgage payments.

The housing needs of blinded veterans are best expressed by one veteran who responded to our housing survey, who commented as follows:

> "I feel like the VA should make direct low interest loans to blinded veterans and other service connected disabled veterans. I believe that this will not only help the veteran, but it will also help the housing industry. Our country is in pretty bad shape, when it will not or cannot help its veterans, who helped the country when they were asked."

We would also like to request of Congress that it give special attention for the housing allowance to those 27 blinded veterans who also are double-hand amputees.

VISUAL IMPAIRMENT SERVICE

The Visual Impairment Service was established in 1967 to provide services to blinded veterans. However, VIS has been plagued by staffing and funding problems.

The VIS Team Secretary Coordinator is the primary staff person who acts as a catalyst among the various disciplines. The quality and quantity of services for the blinded veteran depend on the amount of the Secretary Coordinator's available time. Yet, generally, VIS Team Secretary Coordinators have other responsibilities in addition to the VIS Teams. Currently, there are only 18 full-time Secretary Coordinators for 77 VIS Teams. We believe that Congress should require the VA to fund Secretary Coordinator positions for all remaining VIS Teams.

CONCLUSION

This program which has just been outlined is not the composition of just one person or even a handful of blinded veterans. Rather, these measures were initiated and approved in the form of resolutions by the delegate body of the BVA at its annual national convention. This testimony does not touch on all the resolutions passed at our recent Convention in August, but it does convey to you our priorities for the coming year. Copies of all the resolutions approved by the BVA delegate body are attached for your information and review. I encourage you to read them and consider each for possible legislation. But, I urge you to give special attention to those issues raised today.

The BVA realizes that all of you are under great pressure this year to make crucial decisions on the budget and social issues. We know the tremendous pressure on all members of the Congress from other organizations and constituencies. We realize the complex nature of the many issues that already have been raised so far this session. It is not our intention to add even more to your burden.

We are concerned, however, about an additional change proposed in the recent budget message.

The administration proposes a $19 million cutback in Chapter 31 of Title 38 related to the training and rehabilitation of veterans with service-connected disabilities. The administration proposes to eliminate the dependents' subsistence allowance for veterans undergoing a program of vocational rehabilitation. The purpose of the vocational rehabilitation program is to enable veterans with service-connected disabilities to achieve maximum independence in their daily lives, to improve opportunities for employment, and to maintain employment.

Obviously, this change will impact severely on veterans with families. Veterans undergoing a program of vocational rehabilitation will receive a subsistence allowance as if they were unmarried with no children. Thus, the administration's proposal does not recognize the greater financial drain on families of disabled veterans. And the reduction is not cost effective. It discourages veterans from seeking rehabilitation and their appropriate role in our society. It relegates them to the status of tax-receivers instead of taxpayers.

We are compelled to go on record as being vehemently opposed to this cutback in benefits for blinded veterans and their families. These benefits are more than an obligation by our government--they are a fair and just recognition of the sacrifices and services given by every blinded veteran in the defense of liberty and freedom. By virtue of his disability, the blinded veteran is on record as being willing and prepared to make a sacrifice on behalf of our beloved land. It would be more than hypocritical for this nation to turn its back now on the disabled veteran. It would be a sign to future American families, who may be confronted with the challenge and responsibility to defend freedom, that this nation may not be willing to provide the helping hand when it is most needed on their return home. The compensation program is not a government hand-out. It is both a financial compensation for a disability and a sound investment in the future security and defense of this nation.

We have spoken much today about obligation, responsibility, equity, and service to country. We use none of these words facetiously. Certainly, we do not use them to overdramatize the plight of the blinded veteran.

However, it is this type of language that is necessary to reflect the special relationship between the veteran and his government. It is not enough only to hear about the many contributions the disabled veteran has made to the preservation of liberty and freedom throughout the world. Rather, we want the support of this committee, and this Congress, and the entire federal government so as to provide the blinded veteran with the ways and means to live his life as best he can. That is best indicated by your support for the initiatives we have presented here today.

At a time when budgets and programs are being slashed across the board, we have come here today to ask for increased benefits and increased programs that would provide needed assistance to disabled veterans, particularly blinded veterans. In essence, we are swimming against the tide of current political thought. But, perhaps, it is time for the Congress to reassess and reevaluate the role of the federal government, especially as it relates to disabled veterans who have served this country gratefully and heroically.

Yes, the disabled veteran is today's quiet hero. We only ask that you not forget about us.

Thank you. We will be very happy to answer any questions.

Senator **DeConcini**. Mr. Roché, the commander, World War I Veterans is not here yet. However, the committee will remain in session in my absence. The staff will take their testimony. So we will just recess right here until they appear.

[A brief recess was taken.]

Mr. **Harvey** [presiding]. Mr. Roché, we are prepared to have your presentation, sir.

Mr. **Roché**. Thank you, sir. May I introduce our legislative chairman, Mr. John Pears, former speaker of the Michigan House of Representatives. Mr. Pears.

Mr. **Harvey**. Welcome, Mr. Pears. We are happy to have you here this morning.

Mr. **Roché**. At the conclusion of his talk may I make a few remarks?

Mr. **Harvey**. Yes, sir, please do.

TESTIMONY OF WINSTON M. ROCHÉ, NATIONAL COMMANDER, VETERANS OF WORLD WAR I OF THE UNITED STATES, INC., ACCOMPANIED BY DON R. PEARS, NATIONAL LEGISLATIVE DIRECTOR

Mr. **Pears**. Mr. Chairman and members of this certainly very important and honorable committee, it is a distinct honor and privilege to speak to this esteemed committee.

Our statement here today will present to you the urgent need for an immediate service pension with no income or net worth restriction and, in addition to any present pension based on need or dependency and indemnity compensation for all eligible veterans of World War I and their widows.

There are approximately 400,000 veterans of World War I remaining. The U.S. Public Health Service's "Table of Males Mortality Rate" for the year 1981 of 0.14730 would show a decrease of 52,499 in a period of just 10 months. Our average age now of World War I veterans is 87 years.

Many thousands of World War I veterans do not draw social security or do not receive a Government pension of any kind. Those people must rely upon a small, private pension, if any, or they live on their meager savings and investments or, as is the case in many instances, they are being taken care of by their children or other relatives.

The public laws enacted by the Congress for needy veterans simply do not reach many thousands of our veterans due to the restrictions which are contained therein. A detailed study of the veterans' compensation and pension rolls, which was made by our committee this past year, shows that 235,117 veterans of World War I and approximately 74,500 widows, who are not now receiving a pension or a compensation from the Government.

Forty-one percent are considered to be below the poverty level established by the Congress and 40 percent are immobilized in rest homes and institutions.

We have not been provided the traditional pensions and grants provided to the veterans of the Revolutionary War, the Civil War and the Spanish-American War, or World War II, the Korean conflict, and the Vietnam war actions.

Time is running short for us. Within a period of 10 to 15 years the needs of the veterans of World War I in their efforts of some 24 years to obtain recognition of their service to their country, that so eagerly and thankfully welcomed them back from a savage and devastating war as heroes, will have been in vain and will remain a dark page in this Nation's history.

Mr. Chairman and members of this Committee on Veterans' Affairs, we respectfully and prayerfully ask for your favorable support of our request for a service pension. Now, may I thank you for this opportunity to have appeared before this committee, even for these brief comments and for the courteous reception which you have accorded both of us.

Thank you so much.

Mr. HARVEY. Thank you very much, Mr. Pears.

Commander Roché?

Mr. ROCHÉ. Mr. Chairman, I would like to extend my compliments and my appreciation to all veterans groups attending here today and for the patience displayed by all concerned and also extend to you our deep appreciation of the actions of the Senate Committee on Veterans' Affairs and their past consideration and thoughtfulness in the way they have done their utmost to take care of the needs of the veterans of World War I. We are truly appreciative and we are aware of all that has been done by this distinguished body.

I would like to point out just three aspects of our legislative goals for this year. At the present time you have had introduced on the floor of the Senate, Senate bill 1326 by Senator Sasser of Tennessee in regards to a service pension of $150 a month for the veterans of World War I.

This bill is practically identical to H.R. 1918 which is now in the subcommittee of the Veterans' Affairs Committee of the House, the Subcommittee on Compensation Insurance and Pensions, under Congressman Sam Hall.

Now, this is the major goal of the veterans of World War I. It is a service pension to alleviate the suffering, the want of over 235,000 members of the veterans of World War I who, of the remaining approximately 380,000, are not receiving any benefits other than 96-151 passed by the last Congress. They are receiving no benefits from the U.S. Government in any form without exception. These people, most of them, are on the poverty level or well below it. For instance, we have a very recent emergency that has arisen due to the Reconciliation Act of 1981 in which they took away from all veterans of America $300 of the burial benefit fund.

Now, that $300 has created chaotic conditions in the ranks of the veterans of World War I. Many of our people are the lower income group and the great majority of our people are in that group and they have based their burial plans upon that $450 that the Government has now removed, $300.

We have recently—a member of your—I think the ranking minority member of this committee, Mr. Cranston, has introduced a bill to restore that $300 in view of the terrible emergencies and chaotic conditions it has caused among our ranks.

Now, we are a very proud and a very exclusive organization. Our average age now is 87 years. Mr. Pears here is 82. I am 83.

Mr. Harvey. Just youngsters in comparison to the rest of your membership. [Laughter.]

Mr. Roché. As I pointed out, the history of World War I is extremely interesting in that when we joined the Army we didn't join for anything except love of our country and our desire to protect America against the Huns. When we came back we didn't expect anything, and we didn't get anything. But, in later years we were the proponents, the authors of the first GI bill for America's veterans.

As most of you know we are the fathers of the American Legion. I was one of the delegates from the 5th U.S. Infantry Division, who met in Paris in March 1919 at which we laid the foundation of the American Legion.

Later on, the next following year, 1919, The American Legion was created in St. Louis and given its official name, The American Legion. It came from the famous Foreign Legion.

So here we are home with $60 travel pay in our pockets and nothing else. Until 1958 when the U.S. Congress chartered the Veterans of World War I into a national organization, we had no legislative program, we had no one to represent us before the Congress of the United States. We formed our own organization, the Veterans of World War I, and the first formation of this group was in 1948, and we were chartered in 1958.

From that grew the desire, as the years passed and we went on past 1950, 1960, 1970, we knew that we were going to need some help because most of our people were from the farm, from out of high school, and we had not too many millionaires in the ranks. So we needed help, we needed some sort of benefits. The first actual type of benefit that we could put our finger on was the bonus that the Congress granted to us in the 1930's which averaged approximately $525. You remember the 1930's were the years of the terrible depression when you could get a full meal for $.15 and suit of clothes for $10.50, things of this kind.

We appreciate that. It helped many of us keep our head above water. That was the last until the VA was formed in the late 1930's and we had a hospital system. But the non-service-connected veteran was not welcomed into that system. It was immediately for the service connected and the disabled.

It was not until the 96-151 law was passed that we were accorded the priority No. 2 that enabled us to have out patient treatment and really opened the doors of the VA hospitals to the non-service-connected veterans. We are very grateful for that action by the Congress of the United States.

We request this honorable body that you help us protect the benefits accorded to America's veterans in the Health Care Act, Public Law 96-151. There is a great tendency on the part of the administration to reduce some of the benefits under its austerity program of financing the Government for the coming fiscal year. We have to be alert to see that we do not lose what benefits we have. We ask your support in the replacement of the $300 burial benefit fund, and we ask your consideration and we do hope to have a hearing before this committee in the near future on Senate bill 13-26.

Thank you, Mr. Chairman. We appreciate so much your courtesy in waiting here for us this morning.

Mr. **Harvey**. Thank you very much, Commander Roché and Mr. Pears. Thank you for joining us this morning.

The committee will stand adjourned.

[Whereupon, at 11:40 a.m., the hearing was adjourned.]

FISCAL YEAR 82 LEGISLATIVE RECOMMENDATIONS OF VETERANS' ORGANIZATIONS

TUESDAY, MARCH 30, 1982

U.S. Senate,
Committee on Veterans' Affairs,
Washington, D.C.

The committee met, pursuant to notice, at 11:30 a.m., room 318, Russell Office Building, Hon. Alan K. Simpson (chairman of the commitee), presiding.

Present: Chairman Alan K. Simpson (presiding), Senators Robert T. Stafford, Frank H. Murkowski, Bob Kasten, Alan Cranston, Spark M. Matsunaga, Dennis DeConcini, and George J. Mitchell.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATOR COMMITTEE ON VETERANS' AFFAIRS

Chairman Simpson. The hearing will come to order. Good morning to you all. I welcome you this morning to this hearing of the Senate Committee on Veterans' Affairs to receive the Veterans of Foreign Wars presentation of its legislative recommendations for the balance of the 97th Congress. It is a pleasure to have you here, indeed, my fellow members of the VFW, and believe it or not, we have people who have come a long way from the land of high altitude and low multitude today. Out there Wyoming people from my post in Cody, Wyo. and from the State of Wyoming and our State commander, Charles Fresorger. Where are you out there? There they are. [Applause.]

They are the ones that keep track of me pretty well I can tell you that, and I appreciate their counsel and their commentaries on this one.

A special welcome to the VFW National Commander in Chief, Art Fellwock. I have come to know him and admire him greatly. We have had some spirited discussions on various issues of the day.

And I like that. He is great to work with. So, we are pleased to have you making a presentation of VFW priorities and welcome to my colleague Dan Quayle, the junior Senator from Indiana who will be introducing the commander in chief.

It's always good to have the executive director of the VFW Washington Office—Cooper T. Holt. We have had some interesting thorough discussions, too, during the course of the year. And welcome to a very efficient, persistent, and hardworking director of legislative service, Don Schwab. On almost a daily basis the members of this committee and the staff and the VFW people work closely with Don and his assistants, Phil Mayo and Jim Magill, and others of your capable crew here in Washington. I am certain that a cooperative and productive relationship will continue as we seek to meet the needs of veterans and to improve existing veterans' programs and services.

I am pleased also to welcome the president of the VFW Auxiliary, Marian Watson, please, nice to have you with us. [Applause.]

And to greet many of the leaders and also the rank and file of those in the trenches of the VFW this morning. Your presence indicates a vital interest in the continuance of a strong Veterans' Administration and program of services for veterans.

I just want to note briefly that many of your prior year's goals have been supported by the Senate Committee on Veterans' Affairs and enacted into law.

I will not attempt to mention all of the past year's legislative and oversight accomplishments, but this committee was very active in the passage of Public Law 97-66, the "Veterans' Disability Compensation, Housing and Memorial Benefits Amendments of 1981"; also Public Law 97-37, the "Former Prisoner of War Benefits Act of 1981"; and the "Veterans' Health Care, Training and Small Business Loan Act of 1981". Our committee will continue its activities in support of our purpose to serve the veterans and also the public interest.

I have had the opportunity to review your statement to be given this morning and I note you have appended to your testimony a six-page document entitled a "Report to the Senate and House Committees on the Budget" which came from CBO, the Congressional Budget Office. I would hasten to assert that members of this committee have totally rejected for possible cost-savings all of the options that are set forth in that so-called CBO report. [Applause.]

I just wanted to make that quite clear. Sometimes we need to clarify in this particular arena.

In our required budget letter, too, we informed the Senate Budget Committee of our rejection of certain other proposed savings which would have reduced benefits to those veterans suffering from service-connected disabilities. It is the feeling of our committee that providing for the well-being of and the medical care for service-connected veterans is the very highest priority mission of the Veterans' Administration.

The President's proposed budget for the VA for fiscal year 1982 asks for $25.6 billion in budget authority, an increase of $867 million over fiscal year 1982. I really feel that the veterans of our Nation have been well treated in these proposals for the VA, especially in light of the obvious things that are happening to other agencies within the Federal budget at this time of constraint.

So, I do solicit your assistance, your cooperation, the ideas of all of you in order that we might make the essential veterans, programs better and more responsive to the needs of veterans and their survivors and their dependents. Those who bore the battle, their widows and orphans; that's the message.

Now I think my good colleague, Senator Cranston, will be in shortly and at that time I will recognize him and the other members of the committee who are here and if I might recognize them briefly: Senator Stafford, my good colleague from Vermont who has been most helpful to me in my duties as chairman.

Senator STAFFORD. Thank you very much, Mr. Chairman. It is a real pleasure to be here to join with you in welcoming the national commander in chief and other national officers, and the ladies of the auxiliary of the Veterans of Foreign Wars. On a personal note I would particularly like to note the fact that in the room is a gentleman who is not only a very distinguished member of Veterans of Foreign Wars, but he and I are veterans of the 87th Congress. We came to Congress together in 1961. I am happy to see that Dick Roudebush is still in good health; he is a former national commander in chief of the VFW; a former Congressman; a former Administrator of the VA. It's great to see you again, Rowdy. [Applause.]

I look forward, as all of us do, to hearing the national commander's message this morning and I congratulate you on bringing with you a large delegation of leaders and members of the Veterans of Foreign Wars. I consider it a privilege to be a member since 1947 of the VFW Post in my hometown of Rutland, Vt. And I especially welcome the Washington staff headed by Cooper T. Holt, the executive director, and by the director of legislative service, Don Schwab. Your Washington staff and your active local posts throughout the country provide the Veterans of Foreign Wars a very strong and effective voice in our Nation's affairs. Your helpful suggestions greatly assist members of our Senate Committee on Veterans' Affairs in fulfilling our responsibilities to all veterans, their survivors, and dependents.

I will be meeting with the delegates of Vermont in my office following this hearing, but if there are any Vermonters here in the room, I would ask them to stand up and wave.

Mr. National Commander, I wouldn't try to hurry, but I would say that the Vermont delegation knows lunch will be awaiting as soon as your official message is completed.

Thank you, Mr. Chairman.

Chairman SIMPSON. Thank you, Bob.

In line with our very democratic processes on this committee, we do recognize our members in the order in which they enter. So, next, Senator Murkowski from Alaska.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Good morning. I am certainly pleased to be here today and would also like to welcome Mr. Fellwock and all the veterans to this committee hearing and I am very proud to hear your legislative priorities for the coming year. As a longstanding member of the Veterans of Foreign Wars in my hometown of Fairbanks, Alaska, I would like to take this time to have the committee recognize the Alaskans who are present here this morning. I believe that Mr. Danial Huff, the State commander, Mr. Geddes, Mr. Kelly, Mr. Lewis, Mr. Corville, Mr. Anderson and Mr. Easton, and if there are any other Alaskans, would they please stand up. [Applause.]

Mr. Chairman, Mr. Fellwock may well begin his statement by commending this committee for our efforts for the veterans. I would certainly hope so, to some extent. But I would like to indicate my appreciation of the 2½ million men and women in the Veterans of Foreign Wars and the ladies auxiliary for their irreplaceable service to our country. As if their service during the actual conflicts on foreign shores is not enough, the VFW continues to play an active role in communities all over this country in numerous and worthwhile causes.

Mr. Fellwock in his testimony will undoubtedly highlight the budget concerns facing all veterans as a result of the President's attempt to reduce Government spending in order to revitalize our economy. And I think I speak for everyone in this room when I say that we would like to assist the President in any way possible to better our Nation. However, we in Congress and more specifically, the Senate Veterans' Affairs Committee, must counsel and guide the President in this quest. And I assure you I will not sit still when the administration attempts to make broad sweeping cuts in veterans' benefits to facilitate a shotgun approach of providing revenue for the Federal Treasury.

Rather, I will support the necessary cuts in attempts to reduce Government spending in the least destructive areas, not, for instance, something as vital as veterans compensation.

Through valuable testimony from veterans' organizations such as the VFW, we in Congress stay apprised of veterans' concerns and are able to make the key budget decisions necessary for providing adequate care for our veterans.

Mr. Chairman, I greatly [illegible]ciate Mr. Fellwock's presence here this morning and look forw[illegible] to receiving his comments. I thank you for this opportunity to be heard.

Chairman SIMPSON. Thank you, Senator Murkowski.

Let me note at this point and recognize my good friend and predecessor as chairman on this committee, a loyal and dependable friend of veterans indeed, Al Cranston of California. [Applause.]

Senator CRANSTON. Thank you very much, Mr. Chairman.

Good morning to each of you. It's a great pleasure to join with the Chairman and the other members of this committee in welcoming all of you to this annual presentation. Your organization, which represents more than 1.9 million individuals who have served on foreign soil in defense of our country during time of war, is one of the most prestigious and powerful advocates of American veterans, and I believe each of you can be justifiably proud of the job you are doing to insure that this Nation honors its commitments to meet the needs of those who have served.

At the outset, I would like to take a moment to offer my congratulations to commander in Chief Art Fellwock for the excellent job that you have done during the past year. You assumed the reins of the VFW under most difficult circumstances, and you have been doing an outstanding job. I look forward to continuing to work with you, Art, throughout the remainder of the current year and to receiving your testimony this morning. I would also like to say special thanks to the members of your dedicated Washington staff with whom we have worked throughout the year, Cooper Holt, Don Schwab, Tip Marlowe, Phil Mayo, Jim Magill, and others.

I would also like to take a moment to welcome my fellow Californians who are with us this morning, including Department Commander, Robert Maxwell, National Council Member Ken Robbins, and past commander in chief, "Chief" Rainwater. I would like to ask that each of those Californians, and all others here present, please stand and be recognized. [Applause.]

Thank you much. It's good to see so many Golden Staters here as always.

I also want to join in welcoming an old friend of all of ours, your past commander, former Administrator of Veterans' Affairs, Richard "Rowdy" Roudebush. Glad to see you.

I can clearly recall, as I am sure you do, Art, that when you testified before this committee last year, we were just learning the magnitude of the cuts that the new administration was recommending in VA health-care funding and in the Department of Veterans' Benefits. Working together, along with our colleagues on the House Committee on Veterans' Affairs, we were able to make some real breakthroughs. We turned back serious threats to these VA and other veterans' programs.

At the same time, we were, over the last year, able to make some real progress in programs for veterans. I was pleased that, with your help, the Congress acted favorably on legislation I introduced to extend the eligibility period for the Vietnam-era readjustment counseling program, to provide new health-care eligibility for veterans exposed to agent orange and other herbicides in Vietnam as well as radiation from atomic blasts, and to extend for certain educationally disadvantaged and unskilled, unemployed, and underemployed veterans the period of time they have to use their GI bill benefits.

We were also successful in enacting a well justified increase in comp and DIC benefits and a major piece of legislation designed to improve services and benefits for veterans who are former prisoners of war. Your help and support was invaluable in enacting these bills, and I know that many members played a part in achieving that.

This year, however, as in every year, we know the job is never done. At this moment, for example, in addition to the annual consideration of budget and spending levels for veterans' benefits and services—a battle that is always tough—we continue to hear threatening opposition to a strong and independent VA health-care system, and we are being faced with a new "revalidation" process for future VA medical facility construction. I share your concerns about that proposed process, and I assure you that I am carefully tracking each step in the process to try to see to it that any modifications in the VA's construction planning process are, in fact, "improvements" made in the best interest of veterans, who must continue to have quality medical facilities available to them.

I look forward to working closely with you in this regard as we seek to maintain—and strengthen—the VA health-care system. I am confident that we will prevail in that common goal.

I would also like to note that I am especially gratified by your continuing support for legislation to improve the VA's claims adjudication system and to afford veterans their basic rights to obtain judicial review of claims denied by the VA and to retain counsel if they wish to do so. I pledge to you my continuing efforts to seek the enactment of that bill, S. 349, which Senator Hart and I have introduced.

Likewise, I am grateful for your support of S. 2048, a bill that I introduced to restore the $300 VA burial benefits in the case of certain, needy veterans whose bodies are not claimed.

In closing, let me say that I look forward to seeing as many of you as possible at your outstanding congressional banquet tonight. And I thank you very much. Thank you.

Chairman SIMPSON. Thank you, Al, and I recognize now a very fine participating member of the committee, Senator Matsunaga of Hawaii.

Senator MATSUNAGA. Thank you very much, Mr. Chairman, Commander in Chief Fellwock, my former colleague in the House, my good friend, Dick Roudebush, and other distinguished members of the panel.

As we say in Hawaii, "Aloha," and I am proud to be able to say Comrade Commander in Chief for the reason that I am a life member of the VFW and have been for quite some time. And from the distant land of "Aloha" we have seven veterans here present today, headed by Department Commander Balasanos. Will you all rise, the Hawaii delegation? [Applause.]

I would like to identify one of the veterans from Hawaii especially because he recently retired as the State director of veterans employment, Henry Kuniyuki, will you stand and take a bow? [Applause.]

Mr. Chairman, and my fellow veterans, I have always maintained that the greatness of any nation or society can be accurately measured by the degree to which it cares for its elderly citizens and its veterans; those who have contributed in the past in the greatness of that society or country. And I feel that we are making a big mistake in lessening the greatness of this country when we begin to neglect the veterans who have contributed so much to this country.

I say this because there is a tendency today toward treating veterans right along with all others, veterans who have already paid their dues and who should be receiving the benefits fully promised by this country of ours.

Veterans should be treated as part of our defense system so that when we provide for an increase in defense, we ought to be increasing the services to our veterans.

While we, in my view, should have done even better, I am at least pleased to report to you, as has previously been made known to you, that this committee recommended to the Senate Budget Committee that the VA, the Veterans' Administration, receive fiscal 1983 cuts of only $150 million, which is $178 million less than the administration's cost-savings proposal.

I pledge my support to the chairman so long as we will be working as a bipartisan team toward protecting the rights of veterans to the services provided to them by the VA.

And I might point out, as Commander Fellwock points out in his testimony, that over the next decade most of the 12.6 million veterans of World War II now averaging nearly 60 years of age will be 65 years and older. And according to the Veterans' Administration, veterans over 65 need five times—I repeat—five times as much health care overall than those under 65. As a result of the increasing number of aging veterans, the VA predicts that the demand for VA hospital beds will jump by 11,000 over the next 6 years and the number of veterans needing nursing home care is projected to soar from 120,000 in 1980 to 272,000 by the year 2000. I join you, as represented by your commander in chief, in your determination to maintain the independence and viability of the Veterans' Administration health-care system. Once it is merged with the other systems of health care, then you will find a deterioration of medical care to veterans. So, you can count on this Senator that we will fight to maintain the separate system for veterans under the VA health-care system. And only with such system in place will we be able to fulfill properly and adequately our commitment to the growing health-care needs of our Nation's 30 million veterans and only then can we pay the gratitude and show our gratitude to those veterans.

Thank you very much, Mr. Chairman.

Chairman SIMPSON. A new member of the committee and fine participant, Senator Mitchell of Maine.

Senator MITCHELL. Thank you, Mr. Chairman. I join you and the other members of the committee in welcoming Commander Fellwock and the other officials of the Veterans of Foreign Wars here this morning. It's an honor for me to be serving on this committee and I look forward to receiving the commander's testimony on the VFW's legislative priorities.

As a member of the VFW myself, I want to extend a special welcome to several of my fellow members from the Maine VFW who are here with us today. I would ask State Commander Ed Richards, State Adjutant Bob Jordan, Leta Russell and other members from Maine to please stand if they are here in the room. [Applause.]

We, on this committee, have an obligation to understand, appreciate and meet the needs of our nation's veterans and I look forward to working with you, Mr. Chairman, Senator Cranston and the other Senators on the committee and with organizations such as the VFW to insure that the needs of our Nation's veterans are met.

The commander's testimony is important to us and the Nation because it focuses attention on the need for and the importance of veterans' programs. We hear a lot of talk these days about the defense budget and, as Senator Matsunaga has said, I, too, have long urged that veterans' programs be accorded the same significance. If the United States of America does not honor its obligations to those who have served the Nation in the past, we will not be able to summon those necessary to serve in times of crisis in the future.

We need, and we will have, the best and most advanced weapons. Every military organization in human history, indeed, every society in all of history, is ultimately powered by human will, human courage and human resolve. If that will is lost, if that courage fails, if that resolve declines, then no weapons can save us. This government must pay as much attention to the people, past and present and future, who serve in our military forces as to the things that make up our military forces. That is the standard against which our actions should be and will be measured.

I look forward to working with you, Mr. Chairman, and all of the members of that committee in meeting that high and necessary standard. Thank you.

Chairman SIMPSON. Now, another new member of the committee, Senator Kasten of Wisconsin.

Senator KASTEN. Mr. Chairman, thank you. I am going to be brief. You are hearing from us and we are not hearing from you. I appreciate the opportunity of having the Veterans of Foreign Wars here today to receive your 1982 legislative goals.

I would also like to follow up on what the chairman said in his welcome with Commander Fellwock, Executive Director Cooper Holt, National Legislative Director Don Schwab and the other Washington staff members in the VFW that have been of tremendous assistance to the committee. I might add that your group has been a tremendous assistance to me as a new member of this committee. Wisconsin has not had a Senator on this committee and I am proud that I've had the opportunity to contribute to all veterans, especially those from Wisconsin.

Mr. Chairman, I would like to take a moment to recognize the Wisconsin delegation: Wisconsin State Commander George Goforth and the other members of the Wisconsin delegation. Ladies and gentlemen, will you all please stand. We are happy to have you here. [Applause.]

I look forward to seeing you after the hearing and I want to say how helpful you have been to me. I anticipate a continuation of our close working relationship and I thank you very, very much for taking the time to come to Washington and work with us. We look forward to working with you to our common success.

Thank you, Mr. Chairman.

Chairman SIMPSON. Our final member of the committee who is with us today, Senator DeConcini of Arizona, who has been very helpful to the chairman and to the members of the Committee.

Senator DECONCINI. Thank you. We welcome the guests that are here today and we applaud you for the efforts that the Veterans of Foreign Wars have given, not only in the active service, but on behalf of the veterans' organizations.

Before commencing my remarks I want to welcome Commander Fellwock, but also to applaud you and your organization, Commander, for your outstanding performance last year in working with Congress to reduce the proposed cuts for the Veterans' Administration by more than half. Without your help, and that of the other veterans service organizations, it would have been virtually impossible to restore this vitally needed funding. I would also like to thank you for inviting me to address your national convention in Philadelphia last year. Being a new member of the Senate Veterans' Committee, I was particularly pleased to be included in your convention. I would like to extend a particularly warm welcome to Bob Curreio, the National Senior Vice-Commander in Chief of the VFW and the other members of the Arizona delegation who are with us. If you would all stand, please? [Applause.]

Bob and these members have been outstanding representatives of the VFW, both nationally and locally. Bob has dedicated many hours of his time. He has been a civic leader in Arizona and I don't need to tell the members of the VFW that I want my pride to show a little bit on the type of veterans that are here from Arizona, as well as the 15,000 VFW members who are in Arizona. I have enjoyed working with them over the past 5 years and look forward to working closely with them in the years ahead.

Finally, I would like to welcome the president of the auxiliary, Mrs. Marian Watson. We are pleased to have you here today.

I was pleased to see the proposed increases in the VA medical care, medical research and construction account in the President's fiscal year 1983 budget. However, the proposed increase did not keep pace with the cost of inflation. Having recently completed oversight hearings on veterans' health-care issues in Arizona, thanks to the chairman of this committee, I am convinced that the increases in the medical care accounts are not only warranted, but desperately needed if the VA is going to be able to meet the health-care needs of our World War II veterans whose average age is rapidly approaching 65. Meeting those needs will impose additional strains and pressures on an already burdened system, especially in the State of Arizona.

While the entire VA health-care system has experienced problems as a result of budget and personnel reductions, Arizona's problems are compounded by the rapid and continuing influx of veterans into our State. I welcome those veterans and I hope they will continue to come. But the VA medical center must be provided with sufficient resources to meet the increased demand.

To put things in perspective, it bears noting that while the general veteran population increased 8.8 percent over the past decade, Arizona's veteran population increased by more than 48 percent. And these dramatic increases are expected to continue as more and more veterans elect to spend their retirement years in Arizona. Not only will more veterans be eligible for care in Arizona, they will need more acute, more frequent and extended care, and the system is not equipped to handle that increased workload today.

I am, therefore, frankly disturbed over the scheduled "revalidation" of all fiscal year 1984 major construction projects. It was my understanding that the 5-year construction plan was initiated to eliminate politics from the construction process. If that process has failed, then it is incumbent upon the Veterans' Administration to provide to this committee with documentation to that effect.

I am also concerned about the makeup of the Revalidation Steering Committee: Will the members of that committee be charged with making the ultimate determination of the validity of proposed construction projects or will it be left as it should be, with the medical experts?

The Prescott VA Hospital Center is on the list of construction projects to be reviewed in the revalidation process. I am well acquainted with that facility. It is in desperate need of an additional surgical suite as well as a nursing home. And I will be extremely upset if its planned construction is eliminated in the revalidation process or put off any longer. We have waited too long now.

Finally, I am concerned about the various proposals to reduce benefits for the service-connected disabled veterans. While the Nation has a responsibility to honor its past commitments to all veterans, it has a unique obligation to those who were disabled in the service of their country. The way in which we respond to the need of this very special group of veterans will be a measure of the character of this entire Nation. To begin curtailing disabled veterans benefits would be a national tragedy and a travesty. I am sure this committee will not permit that.

I look forward to receiving your testimony, gentlemen and ladies who are here. We have a good committee, we have a chairman that cares, a chairman that is willing to extend himself to each member of this committee and try to find solutions to some of the problems that face us.

Thank you, Mr. Chairman.

Chairman SIMPSON. Thank you very much, Dennis.

Let me enter into the record the remarks of Senator Thurmond. He really regrets that he couldn't be here and you know him, indeed, as Mr. Veteran. He is chairing a Judiciary Committee hearing at the present moment and I would enter his complete statement in the record.

Also, I would like to enter the statement of Senator Arlen Specter into the hearing record.

[The prepared statements of Hon. Strom Thurmond, a U.S. Senator from the State of South Carolina and Hon. Arlen Specter, a U.S. Senator from the State of Pennsylvania, follow:)

PREPARED STATEMENT OF HON. STROM THURMOND, A U.S. SENATOR FROM THE STATE OF SOUTH CAROLINA

MR. CHAIRMAN:

It is a pleasure to be here this morning to receive testimony from the Veterans of Foreign Wars regarding their legislative goals and priorities for 1982.

I want to extend a warm welcome to National Commander-in-Chief Art Fellwock. Commander Fellwock, I commend you for the excellent service and leadership which you have provided to the Veterans of Foreign Wars during the last year.

Also, I would like to welcome Mr. Holt, Mr. Schwab, Mr. Mayo, Mr. Magill and all others from the Washington office with whom this Committee works on a daily basis to ensure that our Nation's veterans are provided quality care and efficient service from the Veterans' Administration.

It is always a pleasure to have the Veterans of Foreign Wars testify before this Committee, and I look forward to this annual presentation. Many of the ideas and recommendations which you have presented in the past have contributed to the creation or expansion of needed programs of medical care or benefits to our Nation's deserving veterans. The members of this Committee appreciate your efforts, and we will continue to give careful consideration to your suggestions.

Mr. Chairman, as a life member of the Veterans of Foreign Wars, I am very proud of our South Carolina Department, and I am pleased that a large group is here today. I would like my Department Commander, Lee Finley and Adjutant, Dave Hutto, and other members from South Carolina to stand. These include Ken Hartman, Fran Williamson, Henry Allen, Dewey Carpenter, Moses Robertson, Billy Randall, P.H. Burns, Bill Ouzts, Bob Hight, Frank Edwards, Harry Sarris and [and former National Commander] Jim Cothran. If there are any others here, let them stand, too. I want to take this opportunity to commend the South Carolina Department for the fine work that is being done for veterans in South Carolina.

PREPARED STATEMENT OF HON. ARLEN SPECTER, A U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

MR. CHAIRMAN: It is my great pleasure to join with my colleagues in welcoming Commander-in-Chief Arthur Fellwock of the Veterans of Foreign Wars of the United States to this hearing before the Senate Veterans' Affairs Committee. Commander Fellwock represents with distinction the more than 2.5 million men and women of the Veterans of Foreign Wars and its Women's Auxiliary.

In my own state of Pennsylvania, there are over 175,000 members of the VFW, and 40,000 members of the Women's Auxiliary. I was pleased to have the opportunity to meet with State Commander George Kosanovich and Department Adjutant Terry Hertzler, along with about fifty members of the Pennsylvania Veterans of Foreign Wars, just prior to today's proceedings.

As a veteran of the Korean War, and as the proud son of a veteran of World War I, I am deeply concerned that the service and sacrifice of all American veterans not be forgotten. It is critical that benefits extended to American veterans be preserved.

I commend Senator Simpson's efforts to keep the Committee informed of the goals of all the service organizations through hearings such as today's. The Veterans' Affairs Committee has had a policy of conferring with veterans and keeping their interests and suggestions in mind. At a time when we in Congress are faced with many difficult decisions, it is essential that the Committee continue its close contact with veterans groups. The input of the Veterans of Foreign Wars and other veterans organizations has been invaluable.

I am committed to the protection of the benefit programs designed to provide basic assistance to all veterans, and I intend to work closely with the Veterans of Foreign Wars to see that they receive the full cooperation and support of the Federal Government. I look forward to today's testimony on the VFW's legislation goals.

Thank you, Mr. Chairman.

Chairman SIMPSON. And now, Dan, you didn't think we would get to you did you?

Senator QUAYLE. I was wondering if I was going to get to speak this afternoon or for breakfast tomorrow. I didn't know which.

Chairman SIMPSON. Now you have learned about the Veterans' Affairs Committee.

Senator QUAYLE. Yes; well, thank you very much, Mr. Chairman.

Chairman SIMPSON. Dan Quayle, I want to introduce Dan to you all and we appreciate your patience and it's good to have you here this morning to introduce your constituent.

TESTIMONY OF HON. DAN QUAYLE, A U.S. SENATOR FROM THE STATE OF INDIANA

Senator QUAYLE. Well, thank you very much, Mr. Chairman. I first of all want to personally thank you and the Members of this Committee for the continued fine work that you do, not only for the Senate and the States that you represent, but more importantly, the veterans that you also serve.

I welcome this opportunity to present the commander in chief of the Veterans of Foreign Wars of the United States from the great State of Indiana. First, it is an honor for those of us from the Hoosier State to have this distinguished veteran and native of Evansville serving at the leadership of the VFW.

Second, all of us are fully aware and grateful for the vital contributions which the Veterans of Foreign Wars has made to the freedom and national security of our great nation.

Mr. Chairman, before I introduce the commander in chief, I would like at this time to welcome my fellow Hoosiers who are here in this legislative conference and ask them to stand and wave their hands. [Applause.]

I am sure you all recognize that the guy to my immediate left still claims the State of Indiana as his home, whether he claims that or not it's his home, we still claim him. We don't call him Richard Roudebush; we just call him "Rowdy," and we are glad to have him back. He was a great congressman and, of course, you know Administrator of the Veterans' Administration and former commander in chief of the VFW.

And now, Mr. Chairman, it is a privilege to present to you Arthur J. Fellwock of Evansville who serves as commander in chief of the VFW of the United States. There is no doubt that we are all indebted to him for what he has done this past year. His continued leadership will be expected and we are sure that it will, in fact, continue in the fine spirit that he has conducted himself so far.

He has been active in the affairs of the VFW for 36 years. He has been a member of Post 1114, now the largest in the VFW. Chief Fellwock is the commander of his post for two terms and served the post in several other offices.

At age 32 he was elected to the Indiana Department Commander for 1958–59, the youngest to head the department in Indiana history; a record that still stands. He was a member of the first VFW National Voice of Democracy Committee and served twice as a member of the national council of administration. He was national chief of staff during the term of Commander in Chief Ray Soden. During World War II, he served 3 years in the U.S. Navy, saw action in the Pacific theater where he took part in seven amphibious landings, including Guam, New Guinea, Iwo Jima, and the Philippines.

Chief Fellwock made a factfinding visit to the Far East during the past year where he had an opportunity to visit several Department of Pacific VFW posts.

Under his leadership, the VFW has continued to fight for the rights of veterans, to instill patriotism among our young people and to defend and insure freedom, security and peace for all. He is well respected and an outstanding citizen of the community of Evansville and the State of Indiana.

And I deem it a personal privilege to introduce the commander in chief of the Veterans of Foreign Wars of the United States, Arthur Fellwock of Evansville, Ind. [Applause.]

TESTIMONY ARTHUR J. FELLWOCK, COMMANDER IN CHIEF, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. **Fellwock**. I certainly want to thank Senator Quayle for the introduction. I realize that he must leave and I just thank you very much, Senator.

Mr. Chairman and members of this committee. It is, indeed, a high honor and privilege for me to appear before this most distinguished committee as commander in chief of the more than 2.5 million men and women of the Veterans of Foreign Wars of the United States, of whom more than 550,000 are Vietnam veterans, and our ladies auxiliary.

The purpose, of course, is to present our priority legislative program for this 2d session of the 97th Congress. A statement of my full testimony and our pamphlet entitled "Veterans of Foreign

Wars of the United States—Legislative and Security Priority Goals for 1982," have been distributed to you and without objection, it is requested these priority goals and my full statement be made a part of the record of this hearing.

Accompanying me today, Mr. Chairman, are those devoted men and women who comprise the national leadership of our great organization. These are the ones through whose dedicated work and time freely given have made this our 27th consecutive year of increased membership, and I know of no other organization of any type that can lay claim to such a sustained record of growth.

Let me be brief, concise and very frank about a few matters that concern the Veterans of Foreign Wars. I commend this committee for having shepherded through the U.S. Senate during the 1st session legislation fulfilling many of our resolutions and priority goals beneficial to veterans, their dependents and survivors which became Public Laws 97-37, the Former Prisoner of War Benefits Act of 1981; 97-66, the Veterans Disability Compensation, Housing, and Memorial Benefits Amendments of 1981; and 97-72, the Veterans Health Care, Training and Small Business Loan Act of 1981.

Mr. Chairman, the great concern of the Veterans of Foreign Wars is whenever budget cuts are mentioned, the antiveteran forces and social welfare planners gleefully crawl forth from the woodwork in droves. Recently, the Office of Management and Budget or the Congressional Budget Office has proposed the following: One, to reduce the compensation of veterans with service-connected disabilities who are paid at the 100 percent rate due to unemployability if they also receive social security or Federal retirement benefits; two, eliminate the pension program for veterans with non-service-connected disabilities and their needy survivors; three, eliminate compensation payments to veterans rated less than 40 percent for their service-connected disabilities; four, close 30 VA hospitals and finally, the most disturbing of all, subject the compensation payments to veterans with service-connected disabilities to Federal income tax.

Mr. Chairman, it is inconceivable to me how these faceless bureaucrats feeding, and feeding well, at the government trough filled with taxpayers' dollars and benefiting from the freedom made possible by the veteran, and who no doubt never served on active duty in our Armed Forces, let alone heard a shot fired in anger, can set themselves up as judge and jury to be so presumptuous as to decree what is appropriate compensation for having defended our great Nation.

As George C. Marshall, the great soldier-statesman said:

> It is impossible for a nation to compensate for the services of a fighting man. There is no pay scale that is high enough to buy the services of a single soldier during even a few minutes of agony of combat, the physical miseries of the campaign, or the extreme personal inconvenience of leaving his home to go out to the most unpleasant and dangerous spots on Earth to serve the nation.

Mr. Chairman, this committee and the Veterans of Foreign Wars have been successful in squelching similar proposals by the National Academy of Sciences, the Heritage Foundation, and the Office of Management and Budget, among others. Now, the Congressional Budget Office has joined the ranks of those ungrateful for the freedom they now enjoy purchased for them by veterans living and dead whose benefit they would now emasculate.

You know, Mr. Chairman, and members of this committee, if the administration reneges on its commitment to our Nation's veterans and transmits these proposals to Congress for serious consideration, the VFW will oppose them in the strongest possible terms and hold those responsible personally accountable.

The VFW is very much concerned and highly distressed, Mr. Chairman, with the irresponsible and insensitive remarks of the Administrator of Veterans' Affairs, Mr. Nimmo, with respect to the medical care for older veterans and his announced moratorium on construction. In particular, we find disturbing his question quoted by the Associated Press, and I quote:

> Does it make sense to spend $280 million for a replacement hospital in Minneapolis where we've got 2,000 empty beds already there and where you've got a declining veteran population?

This sounds like "mainstreaming" or contracting out of health care for veterans. Furthermore, by the VA's own published figures, the veteran population within the catchment area of the 55-year-old Minneapolis hospital is not declining.

Mr. Chairman, speaking for the VFW, if the veterans in need are denied medical care or overtures are made to "mainstream" veterans health care, we will fight it here in the Halls of Congress, we will fight it in the White House and we will fight it in every county and parish through this Nation. This, I can promise you.

Mr. Nimmo further stated before the House Veterans' Affairs Committee, and I quote:

> I am not at all sure that the individual whose service entails only an inconvenience is entitled to a number of the entitlements which are now in law.

He went on to say:

> It has long been my conviction, and still is, that public service is the price of citizenship, that people have an obligation to serve their country, and are not necessarily entitled thereby to a permanent social welfare system.

I submit with this statement, he puts himself above most, if not all, of the Congresses that have met over the last 206 years of our history, and exactly the opposite of what I just quoted from General Marshall. He has further categorized himself as viewing veterans' benefit programs as social welfare.

Mr. Chairman, I wish the members of this committee to know that if these outbursts by Mr. Nimmo continue, the membership of my organization will have no choice but to seek the resignation of the present VA Administrator.

As you know, in this great country of ours, the veteran is a special person and his programs should never be referred to as social welfare programs. We in the VFW will never buy such a philosophy—nor, sir, will the American people—and I would certainly hope that not one member of this committee would ever buy such a philosophy. Mr. Chairman, more than ever, what the veterans of the Nation deserve is a VA Administrator who is a fighter for veterans programs.

Mr. Chairman, the motto of the VFW is "to honor the dead by helping the living." In carrying out this high and noble purpose, we are dedicated totally, totally dedicated to preserving the benefits for which we all fought.

Therefore, our basic priorities are: To maintain the integrity of the VA hospital and medical care system; the compensation and dependency and indemnity compensation programs; and the pension program. We will never retreat from these priorities. Never, Mr. Chairman, never.

Mr. Chairman, and members of this committee, I trust each of you will be with us tonight on the occasion of our annual congressional banquet at the Sheraton Washington Hotel. As you know by now, we will be honoring the Honorable Samuel S. Stratton with our 19th Annual Congressional Award for outstanding service to the Nation. The reception will begin at 6 p.m., the dinner promptly at 7 p.m., where our Voice of Democracy Contest winners will be our honored guests. I want to assure all of you that our program will conclude at approximately 9:15 p.m.

Thank you, Mr. Chairman and members of this committee. [Applause.]

[The prepared statement of Arthur J. Fellwock, commander in chief, Veterans of Foreign Wars of the United States and the pamphlet entitled "Veterans of Foreign Wars of the United States—Legislative and Security Priority Goals for 1982," follow:]

VETERANS OF FOREIGN WARS OF THE UNITED STATES

THE COMMANDER-IN-CHIEF

PREPARED
STATEMENT OF

ARTHUR J. FELLWOCK
COMMANDER-IN-CHIEF
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

11:30 A.M.
TUESDAY, MARCH 30, 1982
WASHINGTON, D. C.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

It is, indeed, a high honor and privilege for me to appear before this most distinguished Committee as Commander-in-Chief of the more than 2.5 million men and women of the Veterans of Foreign Wars of the United States and our Ladies Auxiliary, of whom more than 550,000 are Vietnam veterans. The purpose, of course, is to present our priority legislative program for this Second Session of the 97th Congress. Our pamphlet entitled, "Veterans of Foreign Wars of the U. S. -- Legislative and Security Priority Goals for 1982," is appended to my testimony. Without objection, it is requested these Priority Goals be made a part of the record of this hearing.

On behalf of our veterans, I commend the Committee for having shepherded through the United States Senate during the First Session legislation fulfilling

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many of our resolutions and Priority Goals beneficial to veterans, their dependents and survivors which became Public Laws 97-37, the "Former Prisoner of War Benefits Act of 1981;" 97-66, the "Veterans' Disability Compensation, Housing and Memorial Benefits Amendments of 1981;" and 97-72, the "Veterans' Health Care, Training and Small Business Loan Act of 1981." Also, I would be remiss if I did not commend your fine professional staff and in particular, Tom E. Harvey, your Chief Counsel and Staff Director; former Congressman Garner Shriver, your General Counsel; Jonathan Steinberg, your Minority Chief Counsel and Edward Scott, your Minority General Counsel, for working so closely with the Executive Director of our Washington Office, Cooper T. Holt and our National Legislative Director, Donald H. Schwab, and their staffs.

Accompanying me today, Mr. Chairman, are those devoted men and women who comprise the national leadership of our great organization. These are the ones through whose dedicated work and time freely given have made this our 27th consecutive year of increased membership, and I know of no other organization of any type that can lay claim such an unbroken record of growth.

Mr. Chairman, the cuts made in ongoing Veterans Administration programs by the "Omnibus Budget Reconciliation Act of 1981," Public Law 97-35, and subsequent cuts in VA programs, total somewhat over a quarter of a billion dollars, a very small percentage of the $40 billion trimmed from the fiscal year 1982 Federal budget. The most painful loss was the $300 VA burial allowance for the nearly 27 million veterans not in receipt of compensation or pension payable by the Veterans Administration, and our current Resolution No. 774 calls for restoration of the burial allowance. Although a number of bills are pending before this Committee to restore this benefit, immediate authority and funding should be granted the Veterans Administration to provide a decent burial for honorably discharged wartime veterans who for whatever reason die with neither funds nor someone to claim their remains. Some of our VFW Posts have paid for the interment of members in need, and I am sure other organizations have done the same. However, and unfortunately, there will continue to be a small number of destitute wartime veterans who expire and the Federal Government should continue " . . . TO CARE FOR HIM WHO SHALL HAVE BORNE THE BATTLE . . . . "

The President has proposed a fiscal year 1983 Federal budget of $758 billion in outlays containing cost-savings of $56 billion and a proposed VA budget of $24.4 billion, or 3.2 percent of the Federal budget, which is an increase of $222 million over 1982, with cost-savings of some $328.6 million. While we recognize cost-savings no doubt will have to be realized, we are not at all convinced that the proposed areas in which to accomplish these savings, such as the proposed $17 million reduction in beneficiary travel which will undoubtedly hurt most those veterans who can least afford such expenditure, is the proper place to do this.

Mr. Chairman, there are other omissions of funding in the proposed VA fiscal year 1983 budget that are disturbing to me and to our membership. Two of these areas deal with provisions of Public Law 96-330; one being the expanded Geriatric Research and Care Program authorized by Title III and the other is the Veterans Administration Health Professional Scholarship Program authorized by Title II. As you are aware, the expanded Geriatric Program was not funded in 1982 and again in the 1983 budget, and the VA has only increased personnel assigned to their existing Geriatric Program by three employees. Congress in its wisdom acknowledged that we are going to experience a rapid increase in the population of older veterans and recognized the need for greatly expanding this program.

Insofar as this scholarship program is concerned, the physicians' portion has never been funded and only in this fiscal year 1982 has $4 million been allocated for the Nurses' Scholarship Program. We all know there is a very crucial shortage of registered nurses throughout the VA hospital and medical care system to the degree that entire wards have had to be closed in some facilities and nearly 800 beds throughout the system. Therefore, it is imperative that funding for the Nurses' Scholarship Program be included in the fiscal year 1983 budget and the budgets in years to follow if the shortage of registered nurses within the system is to be alleviated.

Mr. Chairman, we are encouraged that the funding for Medical and Prosthetic Research is to be increased by $7.6 million, but that activity will still be functioning below the 1981 level of $144.4 million and, also, will sustain a loss of 199 employees. It is important for us to remember that research has brought physicians into the system who otherwise would not be attracted and that two Nobel Prize winners were recognized for their work in the VA Research Program.

One of the provisions of Public Law 97-72 authorized within the VA a small business direct loan and loan guaranty program for veterans to be funded in the amount of $25 million. Unfortunately, no money has been appropriated and according to our information, no funding is expected. This is especially disturbing since the Small Business Administration -- the prime agency charged with assisting veterans in small business -- is, itself, ready to incur cutbacks.

Mr. Chairman, whenever budget cuts are mentioned, the anti-veteran forces and social welfare planners gleefully crawl forth from the woodwork in droves. I have in my possession a two-page legal size "laundry list" of possible cuts which could be made in veterans' benefits and within the Veterans Administration itself. Although whoever prepared this document has a very extensive knowledge of veterans' benefits and the Veterans Administration, the most probable offices where it could have originated deny authorship.

Another document published by the President's Office of Management and Budget entitled, "Major Themes and Additional Budget Details -- Fiscal Year 1983," and submitted to Congress to consider in the 1984 budget, proposed to "eliminate the current provision of law which provides payment at the 100 percent rate to veterans who are rated between 60 and 90 percent for their service-connected disabilities and who are judged to be 'unemployable' if they receive social security or Federal retirement benefits."

An even more horrendous document, an extract of which is appended to my testimony, originated in the Congressional Budget Office and is entitled, "Reducing the Federal Deficit; Strategies and Options." One of the callous proposals would eliminate pensions for veterans suffering from non-service-connected disabilities and their survivors for a gross savings of $3.5 billion and relegate these needy veterans and their survivors to the status of welfare recipients, completely robbing them of any dignity and ignoring the very special contribution they have made to our great nation. Striking at the very heart and keystone of all veterans' benefits, the compensation program, this document further states, "Veterans compensation could be limited to those with disability ratings above 30 percent," for projected savings of approximately $1.2 billion in fiscal year 1983. Another suggested option is not to pay $59 a month to veterans rated 10 percent to save $4 billion over the next five years since, "These veterans can claim no ongoing disability at all." CBO also opined that $1.8 billion could be cut from the VA budget by closing 30 VA hospitals since the remaining facilities " . . . should be more than adequate to handle the needs of all service-disabled veterans, who constitute less than 30 percent of VA hospital patients." For the coup de grace, CBO proposed saving $9.1 billion in five years by taxing compensation payments, but, to prove they are all heart, CBO would increase benefits of those at least 50 percent disabled to make up for the tax liabilities in the worse case (a beneficiary living alone and unable to work).

Mr. Chairman, it is inconceivable to me how these faceless bureaucrats feeding, and feeding well, at the government trough filled with taxpayers' dollars can set themselves up as judge and jury and be so presumptuous as to decree what is appropriate compensation for having defended our great nation. As George C. Marshall, the great soldier-statesman said, "It is impossible for the nation to compensate for the services of a fightingman. There is no pay scale that is high enough to buy the services of a single soldier during even a few minutes of agony of combat, the physical miseries of the campaign, or the extreme personal inconvenience of leaving his home to go out to the most unpleasant and dangerous spots on earth to serve the nation."

Mr. Chairman, this Committee, the VFW and other major veterans' organizations have been successful in squelching similar proposals by the National Academy of Sciences, the Heritage Foundation and the Office of Management and Budget, among others. Now, the Congressional Budget Office has joined the ranks of those ungrateful for the freedom they now enjoy purchased for them by veterans living and dead whose benefits they would now emasculate. You know, Mr. Chairman, and members of this Committee, if the Administration reneges on its commitment to our nation's veterans and transmits these proposals to Congress for serious consideration, the VFW will oppose them in the strongest possible terms and hold those responsible personally accountable.

Mr. Chairman, we hear and read of proposals to curtail medical care for veterans 65 years of age and older by subjecting them to a specific financial needs test or requiring these older veterans to sign the oath of inability to pay. Apparently, the Veterans Administration envisions being inundated by the 12 million World War II veterans who will reach the age of 65 in the next several years and not being able to provide either adequate inpatient or outpatient care. We simply do not believe this will be the case. Historically, VA facilities have been most heavily used by veterans with service-connected disabilities or those with non-service-connected disabilities who are poor, aged and live in reasonably close proximity to a VA facility. As a matter of fact, in Volume II of the VA budget it is stated in part, " . . . 58 percent of VA patients are at or below the poverty level of income . . . " and, " . . . VA users have lower incomes, are more often not married, are generally older, are more often disabled, and are more often members of minority groups . . . . "

Mr. Chairman, in a related matter we are deeply distressed by the recent moratorium placed on hospital and other construction in 1984 and other years by the Administrator of Veterans Affairs. His assertion is that facilities have been built willy-nilly, implying political reasons when, in fact, they have been fully justified and approved at the highest level. I sincerely hope this is not a subterfuge to justify "mainstreaming" or contracting out of care for veterans. Our fear in this regard is rekindled since in reference to replacement of the 55 year old hospital in Minneapolis, Mr. Nimmo was quoted by the Associated Press Wire Service as asking, "Does it make sense to spend $280 million for a replacement VA hospital in Minneapolis where we've got 2,000 empty beds already there and where you've got a declining veterans population?" Well, the 2,000 empty beds if they do exist, are not in VA facilities, but, rather, in community hospitals overbuilt for personal financial gain by physicians and hospital officials. With respect to a declining veteran population, figures published by the VA indicate veterans served by their Regional Office in St. Paul numbered 528,000 in September 1980 and 528,000 in September 1981. No decline there and the Regional Office service area roughly coincides with the Minneapolis hospital catchment area of 547,000 veterans, including some from adjoining states. Although denied by the Administration that "mainstreaming" is their intent, it was specifically proposed by the President's Office of Management and Budget on March 5, 1981, alluded to by the President, himself, in a construction deferral on October 23, 1981, and now, by the Administrator of Veterans Affairs. Those at the highest levels speak the words of "mainstreaming" and then tell us we do not understand what we have read. Mr. Chairman, speaking for the VFW, and I believe all veterans' organizations, should overtures be made to "mainstream" veterans' health-care, we will fight it here in the halls of Congress, we will fight it at the White House, and we will fight it in every county and parish throughout the nation. This I can promise you.

Mr. Chairman, there are two other areas which demand our continued tenacious pursuit and oversight by this Committee. One is the herbicide and toxic substance issue which haunts our Vietnam veterans and their families.

We are encouraged by legislation we supported which was incorporated in Public Law 97-72 liberalizing medical care for those veterans who believe they were exposed to toxic substances and expanding the scope of the Agent Orange study. The VFW has been active in both the outreach program and a survey of those veterans examined by the VA. In addition, one of our Vietnam veteran professional staff members is a member of the VA Advisory Committee on Herbicides and another serves on the Agent Orange Panel of the Office of Technology Assessment. This problem will not simply go away. It must be resolved and the sooner the better.

The other is the nagging unemployment problem no longer restricted to younger Vietnam and disabled veterans, but because of the depressed economy, includes all veterans of working age. I am aware that this Committee has direct jurisdiction only over those employment and training provisions of Title 38 of the United States Code. The Department of Labor has primary responsibility for veterans employment with oversight by this Committee. In the current year the Veterans Employment

Service is funded at $7.4 million with a supplemental appropriation of $1.1 million pending, which, if approved, will meet current requirements. Quite naturally, we would expect that funding be provided to allow full staffing at 225 positions for the fiscal year 1983. It is counter productive to reduce funding for employment given the state of the present depressed economy. The Veterans Employment Service must be fully funded and we look for your assistance in this regard. For the record, we are working closely with the Department of Labor in the drafting of legislation to establish a job training program which would set aside a specific percentage of funding for the Veterans Employment Service.

Mr. Chairman, because of cuts in the 1982 budget, those in the offing for 1983, and those which may be forthcoming for all in future years, it would appear this is the proper time to restate our priorities with respect to benefits for our nation's 30 million veterans, their dependents and survivors.

Our first priority must be maintaining the integrity of the VA hospital and medical care system consisting of 172 hospitals, 16 domiciliaries, 102 nursing homes and 228 outpatient clinics to provide necessary health-care for our 2.2 million veterans with service-connected disabilities and those veterans with non-service-connected disabilities who are in need and seek care. Our second priority must be maintaining the integrity of the compensation and Dependency and Indemnity Compensation (DIC) programs for 2.2 million veterans with service-connected disabilities and the 354,000 survivors of those veterans who were permanently and totally disabled at the time of death. Our third priority is to maintain the integrity of the current pension program for the 866,000 veterans suffering from non-service-connected disabilities who are in need and for their slightly over one million survivors.

This Committee primarily and Congress in general, Mr. Chairman, have over the years recognized the very special service rendered by those who served in uniform on active duty in our Armed Forces during periods of war and hostility. There are those, however, who would belittle that service by saying it is just a responsibility of citizenship or merely an inconvenience. In my opinion, no responsibility of citizenship was reflected in the educational deferment from the draft during the Vietnam Conflict, nor in the wholesale pardon of draft dodgers. I consider it a mere inconvenience if my car fails to start in the morning or I miss a connecting flight at an airport, but I do not consider being sent off to war for years as a mere inconvenience. No, as we have stated before, and in testifmony before this Committee, those of us who served have given years from our lives, years from our families and years from our personal endeavors, if not also our physical or mental health. Having said this, I trust Congress when considering future budget cuts, will always remember the words of the American economist, Henry George who said, "The ideal social state is not that in which each gets an equal amount of wealth, but in which each gets in proportion to his contribution." You know and we know, veterans, those widowed or semi-orphaned because of war, have contributed immeasurably and we are still being asked to give through repeated reductions in the VA's portion of the Federal budget and, under this Administration, reduction in our benefits. Let the Federal benefits for all others be judged by the standard of the contribution made by our wartime veterans.

Mr. Chairman, and members of the Committee, I trust each of you will be with us tonight on the occasion of our Annual Congressional Banquet at the Sheraton Washington Hotel. As you know by now, we will be honoring the Honorable Samuel S. Stratton with our 19th Annual Congressional Award for outstanding service to the nation. The reception will begin at 6:00 P.M., with dinner promptly at 7:00 P.M. where our Voice of Democracy contest winners will be honored guests. I want to assure all of you our program will conclude approximately 9:15 P.M.

Thank you, Mr. Chairman and members of the Committee.

VETERANS OF FOREIGN WARS OF THE U.S.

LEGISLATIVE and SECURITY PRIORITY GOALS FOR 1982

ARTHUR J. FELLWOCK
COMMANDER-IN-CHIEF

PRIORITY LEGISLATIVE PROGRAM

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Preamble

> *"The ideal social state is not that in which each gets an equal amount of wealth, but in which each gets in proportion to his contrbution . . ."*
>
> *– Henry George*

The Veterans of Foreign Wars supports a sincere and necessary effort to right the economy by the elimination of fat, fraud and waste throughout the federal government, to rekindle within all citizens the spirit of pride in personal accomplishment and the elimination of work disincentives. However, we trust that in the process the Administration will always remember those who have contributed by far the most to our continued freedom and democratic way of life, our nation's veterans.

The financial constraints needed to curb inflation and reduce unprecedented high interest rates will not be painless, but far less harmful than the devastation of continuing runaway inflation would bring to the lives of all Americans. Unfortunately, those who have given the most, veterans, have already given the most, again, in budget cuts under the present and several preceding Administrations and further cuts cannot be made without doing violence to the benefit programs for veterans or the Veterans Administration hospital and medical care system, or both.

In recent years, 15,000 hospital beds have been cut from the VA system and veterans in need of medical care have been denied at VA facilities due to personnel and budgetary constraints. Educational benefits for Vietnam veterans have not been kept abreast of inflation and we have seen enactment of a pension program admittedly designed to keep World War II and subsequent veterans and their survivors off the pension rolls. Already in this 97th Congress the $300 VA burial allowance has been denied our 27 million veterans not in receipt of compensation or pension. Additionally, the House Budget Committee made an unsuccessful move to deny compensation payments to those rated ten percent disabled for their service-connected disabilities. There are those in Congress who believe different benefits should be granted those who served in actual combat and those who did not and that we owe nothing special to veterans suffering from non service-connected disabilities regardless of their financial need. The Office of Management and Budget has seriously questioned the need for a separate VA medical care system and proposed reducing the 58 VA Regional Offices to mere contact points with the adjudication of claims accomplished at a few large central centers. At the behest of OMB the VA is undertaking a full-scale study of contracting out services at all VA hospitals including food service, maintenance, records processing, appointments scheduling and the prepackaging and mailing of prescriptions and we hear continued talk of "mainstreaming" medical care for veterans which means contracting out.

Finding meaningful employment — or any kind of employment — remains to be one of the major concerns of many Vietnam veterans. If the veteran happens to be disabled, the problem becomes that much more acute. In order to focus greater attention on this problem, the VFW supported the passage of Public Law 96-466 (enacted October 17, 1980). Among other things, this law elevated the position of Deputy Assistant Secretary

LEGISLATIVE GOALS FOR 1982

VETERANS ADMINISTRATION BUDGET

That we prevail upon the Congress of the United States to budget and appropriate funding for the Veterans Administration which will maintain the integrity of the benefit programs, the VA hospital and medical care system, state veterans' homes and to fund the physicians' and nurses' scholarship program authorized by Public Law 96-330. Further, that the Budget Committees of both houses permit Congressionally chartered veterans' organizations to appear before them to present testimony with respect to the VA budget.

VETERANS ADMINISTRATION BENEFIT PROGRAMS

The insidious effects of inflation upon the lives of veterans is well documented. We therefore support the introduction annually and passage of legislation that provides for cost-of-living increases in the veterans benefit programs that are realistic and that maintain the real value of those programs to include, but are not limited to, compensation, pension and the GI Bill.

CONTRACTING OUT OF VETERANS ADMINISTRATION PROGRAMS OR FUNCTIONS

It has become apparent that there are those who would cause the reduction or elimination of many of the functions and programs of the VA. Accordingly, we oppose any legislative or administrative actions which would allow such to take place: The contracting for VA medical care under the criteria set forth in OMB Circular A-76 or any reorganization plan which would abolish or infringe of Labor for Veterans Employment to the level of Assistant Secretary to provide authority commensurate with the vast responsibilities inherent with the position. Ironically, as of this date, the position has yet to be filled which undoubtedly contributes to the non-solution of the veterans employment situation.

We call upon the Administration and the Congress of the United States to summarily reject any proposal to further curtail or eliminate veterans' benefits and live up to the nation's obligation to those whose contribution has been the greatest — our 30 million veterans, their dependents and survivors.

"The only thing necessary for evil to succeed is for good men to do nothing," and TOGETHER FOR AMERICA good men must and will prevail.

on any or all of the functions or programs of the VA or transfer those responsibilities to any other agency of government. Further, we oppose the passage of any law or the implementation of any plan which would circumvent the recruitment and retention of veterans in federal employment.

VETERANS PREFERENCE

That veterans preference be strictly enforced in all federal departments and agencies and that if a department or agency is abolished by "sunset," that preference eligibles be given bumping and retreating rights. Furthermore, that veterans preference be observed and strengthened in all federal and state employment programs.

VIETNAM VETERANS

We seek the passage of legislation providing for a realistic cost-of-living increase to recipients of GI Bill educational benefits, and to extend entitlements thereto from 45 to 48 months; press Congress to insist upon an accurate and timely resolution of the health-related questions being raised as a result of herbicide exposure, along with liberalizing the criteria and establishing an open-ended presumptive period for disposition of herbicide related claims; continue the authority and adequate funding for the Vietnam Veterans Readjustment Counseling Program for at least five years; and that Congress be urged to appropriately fund and to aggressively pursue the proper implementation of the various employment programs regarding Vietnam Veterans.

AGING VETERANS

That we urge Congress to provide the necessary funding and staffing for a comprehensive program of geriatric and extended health care; encourage the continuance and expansion of the Geriatric Research, Education and Clinical Centers (GRECC's); and insist on the compliance with 38 USC 5010 (d) (b) which mandates that no fewer than 12,000 nursing home care beds be operated and maintained. Further, that funding be increased for state nursing home facilities.

NATIONAL CEMETERIES

We continue to pursue the establishment of an open national cemetery in every state to augment the regional national cemeteries approved by Congress. Expansion of the national cemetery system is more important than ever since the Omnibus Reconciliation Act of 1981, Public Law 97-35, denies the $300 VA burial allowance to the nearly 27 million veterans who are not in receipt of compensation or pension payable by the VA.

TOGETHER FOR AMERICA

PRIORITY
NATIONAL SECURITY AND FOREIGN AFFAIRS PROGRAM

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Preamble

"One of the fundamental differences between our government and those of the Soviet Union and the Warsaw Pact nations was brought home to me very vividly when I had the privilege of visiting our troops along the high wall that divides West, or Free Germany, from East or Soviet Germany. Our observation posts along that wall, all of ours, face East — to enable us to guard against any invasions from the East. Now, all of their (Soviet) observation posts also face East. This is designed to keep their own people prisoners in that freedomless land. . . .

"There is no way to wish aside the realities of this world which demand that we rearm America and do it just as fast as we can. Winston Churchill once said, 'You must look at the facts because they look at you.' We are looking at the facts today and I need not tell you that they are alarming. But we must face them if we value our way of life and want it to continue."

—Defense Secretary Weinberger
VFW 82nd National Convention
August 19, 1981

"We know that rearming America will take some time. We didn't lose our supremacy overnight. America's return to a clear margin of safety will be buttressed by VFW support every inch of the way, for as long as it takes. . .

"There is no other 'America' out there somewhere to save us from folly or miscalculation. We must truly be 'TOGETHER FOR AMERICA.'"

—VFW Commander-in-Chief Arthur Fellwock
Acceptance Remarks at the 82nd National Convention, August 20, 1981

Today, America's need to rearm and rearm rapidly is being challenged not only by the expanding military might of the Soviet Union abroad, but by soaring interest rates and stubborn inflation here at home.

An Administration which is clearly mandated to (a) rearm America to secure an enduring peace; and, (b) put our economy on a sound, long-term footing is being faced with an agonizing dilemma: Can we rearm and restore the domestic economy simultaneously? If not, what gets top billing, the common defense or the domestic economy?

While, as taxpaying Americans, the VFW does sympathize with the Administration and the 97th Congress as they grapple with this problem of priority, can there be any doubt as to where we must stand?

First, last, and always — a secure, proud, and free America. Everything else must be in second place.

Certainly, where any "gold-plating," waste, nonessential travel or duplication may exist within the armed forces, these expenditures must be promptly and thoroughly eliminated. When and wherever the armed forces are being manipulated to achieve some social goal — women's rights, racial balance, etc. — such blatant misuse of potential combat power must be halted in place.

Having done this to assure maximum combat power at minimum cost, the rearming of America at about a 7% increase per year, adjusted for inflation, must continue.

Cutting nondefense spending will incur distress and inconvenience.

Not rearming could mean the end of our way of life; and, should America badly miscalculate, our end as a free people.

TOGETHER FOR AMERICA, once again, the VFW will lead the way.

SECURITY GOALS FOR 1982

1. Recognizing the anti-defense policies of the previous Administration, the VFW will support the Reagan Administration's current plan to rearm America. In addition, the United States should adopt a national strategy of Peace Through Strength, the general principles of which would be: (a) the maintenance of a strong economy and the protection of our overseas sources of energy and other vital raw materials; (b) helping our allies and other non-communist countries defend themselves against communist aggression; (c) the pursuit of positive non-military means to roll back the growth of communism; (d) re-establishing effective security and intelligence capabilities; (e) accepting no arms control agreement which in any way jeopardizes the security of the U.S. or our allies, or locks America into a position of military inferiority; (f) creating a strategic defense and a civil defense which would protect American citizens against nuclear war at least as well as the Soviets defend their citizens; (g) achieving overall military and technological superiority over the Soviet Union; and (h) to inspire, focus and unite the national will and determination to achieve this goal of peace and freedom. As an overriding concern, we say that, in the future, should the United States be called on to defend this nation or this nation's security interests by recourse to arms, that we fight with but one objective and that is to WIN. Also, our trained military leaders must be authorized and expected to conduct the war toward this goal in the shortest possible time.

2. The VFW Commander-in-Chief shall inform the President and key members of Congress that the Number One strategic task confronting the United States now is to fund, build, equip and man a U. S. Navy that

is clearly Number One in order to properly secure the world's sea lanes, thereby protecting U. S. interests.

3. Deny Southern Africa to communist military imperialism by assuring that Southern Africa does not become Moscow's last "domino" on the African continent, and that, in so doing, the United States tends to our clear and present national interests: access to strategic minerals, possible base and refueling rights, and open sea lanes of communication and commerce.

4. In order to return to a fair, loophole-free draft as soon as practicable, the following steps be taken: registration of 18-year old males; re-establishing a Selective Service Headquarters in each state; annual conscription now of up to 200,000 men for the Individual Ready Reserve; and, the creation, as soon as possible, of an equitable and loophole-free draft to assure the quantity and quality of personnel needed to assure our common defense.

5. Restore American primacy in Central America, the Caribbean and South America by requesting Congress to reaffirm the principles of the "Monroe Doctrine" as a proper guide for U. S. policy towards the other nations of the Western Hemisphere. Additionally, the United States must use every means to combat the spread of Soviet/Cuban influence in this area. The School of the Americas be kept alive as a common training experience for military leaders of Latin American nations. Further, we will continue to oppose and isolate Communist Cuba by refusing to extend diplomatic relations, by continuing our U.S. presence at Guantanamo Bay Naval Base, and by aerial overflights to determine if the "Kennedy-Khrushchev Agreement of 1962" is being honored.

6. In order to aid the Afghan freedom fighters, the United States must increase

the flow of small arms, anti-tank and anti-helicopter weapons to them, and should the USSR invade Poland or undertake any other militarily repressive actions in Eastern Europe, U. S. military aid to the Afghan freedom fighters must assume massive proportions.

Additionally, the VFW calls upon the Administration and the Congress to shore up the crumbling U. S. strategic position in the Middle East by: (a) extending full and demonstrated support for Saudi Arabia; (b) providing covert and subtle support for pro-U.S. rational individuals and groups in revolution-torn Iran; (c) seeking a true, area-wide general Arab-Israeli peace as soon as practicable using the Eqyptian-Israeli accord as a building block; (d) building up the Indian Ocean Naval Base on Diego Garcia Island; (e) moving promptly to secure other bases and staging facilities as will be required in Bahrein, Kenya, Oman, Egypt and/or the Sinai airfields; and (f) halting and reversing Soviet penetration of the area by every possible means, to include the stationing of U.S. ground forces as the crucial oil supply is now directly and unmistakably threatened.

Further, in view of the true nature of the energy crisis now upon us, the Commander-in-Chief of the VFW will inform the President and the Congress that our organization will continue to support a fair and comprehensive U. S. energy policy designed to reverse U. S. dependence on OPEC oil imports and the concomitant mortgaging of our national security and freedom of action, specifically to include the addition to our strategic petroleum stockpile of at least 100,000 barrels of oil per day.

7. As a non-negotiable matter of national honor with respect to America's Prisoners of War and Missing in Action, economic and diplomatic pressure should be sustained for as long as it takes against those nations and

movements hindering the search for our POW/MIAs, and that the Administration and the Congress speak out forcefully and publicly on this matter. Also, no most favored nation trade status be granted to Russia and likeminded nations until there is a full and complete accounting of our POW/MIAs.

8. Unswerving support for the Republic of China on Taiwan will be continued by requesting the Congress and the Executive Branch of our government to furnish modern weapons to Taiwan, and continue existing cultural, educational and diplomatic arrangements.

9. Any plan to withdraw any U. S. military forces from the Republic of Korea be considered only when a bona fide peace treaty has been agreed to between North and South Korea.

10. With respect to women in the armed forces, the VFW position is that no women will be assigned to ground, sea, or air jobs that call for aggressively seeking out, closing with, and destroying the enemy.

11. In an effort to stamp out terrorism, the following steps should be taken: (a) increase airport and harbor security; (b) reinstate the House Committee on Internal Security; and (c) vow never again to succumb to terrorists' demands.

TOGETHER FOR AMERICA

REDUCING THE FEDERAL DEFICIT: STRATEGIES AND OPTIONS

A Report to the Senate and House
Committees on the Budget -Part III
(As Required by Public Law 93-344)

February 1982
CONGRESS OF THE UNITED STATES CONGRESSIONAL BUDGET OFFICE

CHANGES IN VETERANS' PROGRAMS

The income security programs for military veterans--pensions and disability compensation--are potential sources of appreciable outlay savings. The overriding issue for these programs is the extent to which veterans are to be extended preferential treatment. Both programs, administered by the Veterans Administration, provide services also available from other federal sources for disabled or low-income persons; but individuals who qualify for veterans' benefits receive higher amounts of cash assistance. For example, the veterans' pension program now guarantees a veteran without other resources $413 per month, compared to $265 in monthly federal benefits from SSI. 7/ Changes in veterans' programs could restrict benefits to the more needy, however.

ELIMINATING VETERANS' PENSIONS

Veterans' pensions provide means-tested benefits to low-income war veterans who are at least age 65 or have total and permanent disabilities, to their dependents, and to needy survivors of war veterans. Just under 1 million veterans, 1.1 million survivors, and nearly 1 million dependent beneficiaries currently receive such pensions. These programs overlap other means-tested income security programs, particularly SSI. (The SSI program also aids the aged, blind, and otherwise disabled, although with less generous benefits than veterans' pensions.)

Gross savings from elimination of veterans' pensions would amount to nearly $3.5 billion in 1983. This amount, however, would be offset by approximately $1.1 billion in increased SSI Costs, and smaller rises in food stamps, AFDC, and Medicaid, as former pension recipients become eligible for those programs. Since the income eligibility limits for veterans' pensions are higher than under SSI, current pensioners would experience a drop in benefits, and a few--mostly veterans--would have incomes too high to qualify for assistance under SSI at all.

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7. Many states supplement the SSI benefits, reducing the differential. In 1980, for example, the average supplement to those receiving supplements was $85 per month, but across all SSI recipients the average was only $19 per month. If these benefit guarantees were adjusted to include food stamp eligibility as well, the SSI beneficiary (with no state supplement) would gain $6 relative to the veteran, reducing the disparity in guarantees to $142. Finally, treatment of earned income for determining benefit levels varies between the two programs, so that a veteran with some earnings might not be worse off under SSI.

Although other veterans' disability benefits are generally designed to compensate for some loss resulting from military service, pensions are not granted under this rationale. The requirement for disability pensions does not relate to service-connected disabilities, but rather to disabilities incurred after discharge. (Veterans aged 65 and older also qualify for veterans' pensions.) Furthermore, there is no reason to believe that the low incomes of VA pensioners are related to their military service, since veterans as a group have higher median incomes than nonveterans of the same age. This option would make benefits to this group of the population consistent with income security payments to other groups.

Defenders of veterans' pensions point out that many current beneficiaries would be ineligible for SSI or AFDC. Since these pension benefits are aimed at war veterans and their survivors, they may be entitled to uniquely high levels of protection.

This option could be modified by phasing out veterans' pensions rather than eliminating them altogether so that persons already on the rolls, particularly aged recipients, would not suffer severe hardships. For example, veterans' pensions could be eliminated for new recipients and phased out for current beneficiaries. Savings under such an option would be considerably lower.

ENDING VETERANS' COMPENSATION TO PERSONS WITH LIMITED DISABILITY

Veterans' disability compensation provides benefits to persons with service-connected disabilities, regardless of financial need. The amount of compensation is based on the degree of impairment; payments are made to veterans with as little as 10 percent disability. Additional allowances are also paid for dependents, but only if the veteran has disabilities rated at 30 percent or more. Of the 2.3 million veterans now receiving compensation, 56 percent have total disabilities rated below 30 percent.

Veterans' compensation could be limited to those with disability ratings above 30 percent. This option would reduce federal outlays by about $1.2 billion in fiscal year 1983. Some of the nearly 1.3 million persons who would lose their benefits might be eligible for other income security programs. It is likely, however, that most of these veterans would no longer receive government support.

Veterans' disability ratings were originally designed to compensate on the basis of an average loss of earning power. With the improvements in reconstructive and rehabilitative medicine, combined with the sharp decline in the portion of the workforce performing manual labor, however, impairments of less than 30 percent may not significantly reduce an individual's ability to work. Many people with these lesser impairments, therefore, may not have reduced incomes as a result of their disabilities. This fact is already recognized to some degree by the exclusion of these individuals from entitlement to dependents' allowances.

On the other hand, if these payments are viewed as compensation for injuries incurred in service to the country, it may be irrelevant whether the recipients are able to support themselves or whether their earning ability, is reduced. Under these circumstances, subjecting veterans' compensation to the same standards as other income security programs may be inappropriate.

A more modest version of the restriction on veterans' disability compensation would end payments to persons with less than 20 percent disability (see Appendix A-700-a.) The arguments remain essentially the same; persons with 10 percent disability are even less likely to experience any income loss. In fact, in a small number of cases, veterans with zero disability ratings still receive compensation--albeit at very low levels. Savings from this option would total $640 million in 1983.

END VA COMPENSATION TO VETERANS WITH 10 PERCENT OR LESS DISABILITY.
(A-700-a)

Savings from CBO Baseline	Annual Savings (millions of dollars)					Cumulative Five-Year Savings
	1983	1984	1985	1986	1987	
Budget Authority	700	740	800	860	920	4,020
Outlays	640	740	800	860	920	3,960

Veterans' disability compensation provides benefits to veterans for service-connected disabilities based on the degree of their physical impairment. This option would eliminate benefits to veterans whose combined disability is 10 percent or less.

About 700,000 veterans would be affected, practically all of whom are now paid $58 monthly; a few receive up to $69 a month. Enactment of this proposal would result in 1983-1987 savings of nearly $4 billion.

If this program is viewed as compensating for the lost earning capacity that results from injury during military service, little argument can be made in favor of retaining benefits at the 10 percent or zero percent levels. The conditions for which a 10 percent rating is assigned (such as superficial varicose veins below the knee, mild gastrointestinal ulcers that only give rise to symptons once or twice a year, or loss of the sense of taste) do not significantly affect a person's ability to work. Zero percent ratings represent, for the most part, persons with tuberculosis that has been completely arrested. These veterans can claim no ongoing disability at all.

If, on the other hand, disability benefits are viewed as compensation for the pain and suffering of a service-related injury or disease, the degree to which earning capacity is affected is not particularly relevant.

CLOSE CERTAIN VA HOSPITALS
(A-700-b)

Savings from CBO Baseline	Annual Savings (millions of dollars)					Cumulative Five-Year Savings
	1983	1984	1985	1986	1987	
Budget Authority	340	350	360	375	390	1,815
Outlays	340	350	360	375	390	1,815

The Veterans Administration hospital system provides care for certain veterans, as space is available, according to the following statutory schedule of priorities:

1. Veterans with service-connected disabilities, for the treatment of those disabilities.
2. Veterans with service-connected disabilities rated 50 percent or more, for the treatment of unrelated conditions.

3. Veterans with service-connected disabilities rated less than 50 percent, for the treatment of unrelated conditions.

4. Veterans who are former prisoners of war.

5. Veterans aged 65 or older or who are unable to pay the cost of necessary care.

This option would effect a 10 percent reduction in the number of VA hospital beds by closing 30 of the smallest and least crowded of VA acute care facilities. It assumes that 40 percent of the resulting savings would be returned to the remaining hospitals to allow them to increase their patient loads and, thereby, partially offset the impact of the closings. Some of the funds would be required to pay increased beneficiary travel costs for veterans who would have to travel greater distances to a VA facility. The estimate of savings does not reflect any savings or costs that could result from the sale or conversion to another use of the closed hospitals. Nor does it reflect any offsetting increase in Medicare or Medicaid costs.

Many of the previous attempts to reduce VA medical care costs have involved reductions in funding for medical or support staffs or for equipment. Such an approach can potentially erode the quality of care provided in all VA hospitals. Closing some of the less efficient hospitals would not affect the level of care provided in the remaining facilities. Of the 30 hospitals assumed to be closed, most have fewer than 400 beds and many have occupancy rates of less than 70 percent. Since many of the remaining VA hospitals do not operate at full capacity, much of the patient load from the closed facilities could be accommodated elsewhere in the system.

Opponents of this option will argue that some eligible veterans might be denied VA care altogether as a result. While this could happen, the remaining 146 hospitals should be more than adequate to handle the needs of all service-disabled veterans, who constitute less than 30 percent of VA hospital patients. Veterans denied care would be among those in the lowest priority category, aged 65 or older or unable to pay for their care. The majority of these veterans would be eligible for assistance from Medicare and Medicaid and, therefore, should not suffer undue hardship.

TAX VETERANS' DISABILITY COMPENSATION
(B-700-a)

	Annual Added Revenues (billions of dollars)					Cumulative Five-Year Addition
	1983	1984	1985	1986	1987	
Addition to CBO Baseline	0.8	1.7	1.9	2.2	2.5	9.1

Veterans with service-related disabilities are eligible for monthly cash benefits under the veterans' disability compensation program. Benefits are paid according to the degree of disability and now range from $58 a month for 10 percent disability to $1,130 a month for complete disability, with additional payments up to $3,223 a month for eligible veterans judged to have suffered certain specific severe disabilities. Benefits are tax free and paid without regard to income from other sources. If disability compensation was made taxable, the revenue gain would be $0.8 billion in 1983 and $9.1 billion in 1983-1987.

Because payments are available for very minor disabilities, and because they are not reduced for veterans able to work, disability compensation benefits are not closely targeted to financial need. About 39 percent of all beneficiaries are only 10 percent disabled. Because a 10 percent disability can be a relatively minor medical problem, such as a scar or a small reduction of movement in a joint, earning power is oftentimes unimpaired. While those who suffered disabilities in the service of their country are surely entitled to some compensation, benefits for minor disabilities may have a lower priority in times of budgetary stringency.

Any hardships resulting from taxation of benefits could be alleviated by increasing benefits 10 percent for beneficiaries who are at least 50 percent disabled, since they received the largest benefits and are most likely to be in need. Such an increase would make up for the tax liabilities in the worst case (a beneficiary living alone and unable to work), but would reduce the net budgetary gain by only about one-third.

Opponents of these policy changes would argue that disability compensation for those who suffered long-term physical harm in the military should not be reduced because of other income, especially if the other income is from the labor of a spouse or from property. As against this, some Members of Congress believe that benefits have been insufficiently targeted on need, and have tried without success to cut back on benefits directly. Taxing benefits has the advantage of targeting the reductions of net income on those least in need without reducing benefits directly.

Chairman SIMPSON. Well, Art, you said you would be concise, brief and very frank. So, before I conclude my remarks let me be the same.

I want to comment on your remarks regarding the very dramatic step of possibly asking for the resignation of VA Administrator Bob Nimmo. It was apparently mentioned at the VFW legislative presentation this morning before the House Veterans' Affairs Committee and now here.

My understanding is the VFW is concerned about Mr. Nimmo's statements recorded by the press concerning VA construction and health care for veterans over 65. I am sure you are aware that we now are aware that there are presently no defensible criteria, and that is the phrase, with regards to the rationale for Veterans' Administration construction priorities, and we have to go back to the drawing board to find that out, according to the Department of Medicine and Surgery, and we are going to do that.

When I first came here we had an appropriation pass the table for $16 million for a hospital. I thought that was for the whole works; that was just the drafting and design. And the hospital itself will cost $265 million.

Twelve million veterans in 2 years will become 65 years of age and they will be entitled to every single direct health-care benefit within the resources of the Veterans' Administration system, under a preference system, regardless of their net worth or their income. Where is that going to take us as we go into geriatric care and what must come for the older veteran?

I want to emphasize that I, too, wish to reexamine these priorities for construction projects, and I will do so. I also want to look closely at all options for providing appropriate quality health care for veterans over 65. Examining veterans' eligibility and income and evaluating current VA programs and health-care delivery does not mean that we have reached any conclusions on those issues. I will be going through that very same process as chairman of the Senate Veterans' Affairs Committee during a series of hearings this year. And that goes to promote better understanding the needs of veterans and eligibility and entitlement and the most appropriate program response given these very tough budget times.

Bob Nimmo has worked very hard in his first months as Administrator to protect the benefits of veterans and promote their interest within the severe budget restraints. This is not like business as usual in Washington, D.C. Our new administration has been facing severe budget restraints.

The VFW, of all organizations, my outfit, should be supportive of those efforts. After all, you were the only veterans' organization to ever have a PAC which endorsed strongly Ronald Reagan for President. Bob Nimmo is the person appointed by this President, has a fine relationship with the White House, was a state legislator in California, and comes to the VA with a wealth of experience. And get this one, I don't want anyone in the room to miss it. He gave more to this country than many in our ranks. He served two tours as a bomber pilot in World War II and he served in Korea. How many in this room or in the VFW have served three tours of duty for our country? He has demonstrated his skills——

[Applause.]

Chairman SIMPSON [continuing]. There are a few; that's great.

He has demonstrated his skills, he appears to be a fine manager, and he has been decisive in his appointments and his decisions. It is still much too early to feel that his tenure as Administrator should terminate. I think he is going to have a fine impact during that tenure. He is not fearful of speaking out in areas which may be unpopular with some of the veterans' organizations and he lays the issues on the table, up front where they should be.

I want to say I follow the same road in my belief of putting issues out on the table and allowing all those who may be affected to participate in the discussions and not to shirk any responsibility in light of possible political repercussions. Throughout my entire life I have always been told "Now, Simpson, we are going to go out and whip your butt." I have heard that one and I have had lots of people who did that. But I sat down with those people and talked; that's what you do. I am well aware that the VFW has been critical of other Administrators in the past. The first instance to mind was during Max Cleland's tenure. At the 1979 legislative presentation, the VFW in reference to Max stated,

> His plans are to close all the VA hospitals and turn the remaining hospitals over to some future national health insurance program and issue those with service-connected disabilities credit cards to be used in community-based facilities.

Max Cleland never did such a thing and never intended to do such a thing.

It's an extraordinary situation to be chairman of a committee like this, I love it, enjoy it, but let me tell you there are a lot of people out in the world who think that the only purpose of a veterans' organization is to come here and ask for more and that that is the sole reason for their being. That cannot be good for us in any way.

So, I remember the VFW originally felt during Max Cleland's confirmation hearings that he displayed all the strengths and courage to confront the OMB but they felt as time went by that he lined up with President Carter, which then, apparently in their view, meant that he was apparently against veterans. I would indicate that, in spite of the VFW's strong feelings against Max Cleland, you never formally called for his resignation. The VFW did ask Administrator Don Johnson to resign and was certainly extremely critical of this remarkable gentleman right here, Roudy Roudebush, one of your own, as he grappled with the Federal budget matters, just like every other veterans' Administrator has to do. Here is a great guy. I remember when he came to Cody, Wyo., why we hammered him around in an extraordinary fashion. He was one of your most prominent VFW members. Wow! You know, we don't do any service when we turn savagely on one of our own in that way.

I just realized that it's been less than a year of Mr. Nimmo's term as Administrator. In my view, there is absolutely no reason whatsoever for such a harsh reaction. I think it's wholly uncalled for. If the VFW has problems with the policies of Mr. Nimmo, discussing them with Mr. Nimmo would be a most constructive approach toward working together for the good of the Nation's veterans.

I just wanted to say those things. I thank you for listening. I understand how these things bounce around. I just wanted to let you know my feelings on the issue and I will be delighted to see you tonight.

Thank you very much.

I guess that will take care of it. Thank you very much for your testimony and your participation here this morning.

[Whereupon, at 12:31 p.m., the hearing was concluded.]

FISCAL YEAR 1982 LEGISLATIVE RECOMMENDATIONS OF VETERANS' ORGANIZATIONS

THURSDAY, APRIL 29, 1982

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 10:42 a.m., in room 318, Russell Office Building, Hon. Alan K. Simpson (chairman of the committee) presiding.

Present: Chairman Alan K. Simpson (presiding), and Senator George J. Mitchell.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Chairman SIMPSON. The hearing will come to order, please. I need to be over on the floor managing a bill on nuclear waste. They just suddenly jerked me up, and I am over here to greet you, but I must leave shortly—and I apologize for that, but I think you will all agree that it is time that we were doing something with that issue after 37 years of doing nothing.

So I will have to leave. Senator Mitchell has graciously agreed to hear the remaining testimony. I will then return as soon as we finish the next part of the debate and go into a rollcall vote. I apologize for that. I wish I had some more magnificent excuse. But they used to call me "Alibi Al" in high school and I can't do any better than that and I apologize. But I must return.

I am pleased to have you all here this morning and we will want to hear your legislative recommendations submitted this morning by your organization and another, fine veterans' organizations.

It is a pleasure to welcome this morning the leaders and many members of the AMVETS, American Veterans of World War II, Korea and Vietnam. I express a special welcome to the AMVETS National Commander, Donald Russell. He will be introduced by Senator Dixon I understand and he will be coming shortly. We are pleased that you can be with us for this annual legislative presentation. I understand that accompanying you and sitting at the table are the president of the ladies auxiliary, Margaret Rummel. It is a pleasure to welcome you here. And Morgan Ruph. How are you, sir?—national executive director, and then of course our long-time friend that I see quite a bit of around here, Gabe Brinsky. You have a fine Washington representative in Gabe, the National Service and Legislative Director of AMVETS.

The members of the staff and of the Veterans' Affairs Committee have enjoyed a long and beneficial relationship with AMVETS. We look forward to the presentation of your legislative priorities. I am certain that a helpful and cooperative relationship will continue as we seek to meet the needs of veterans, their survivors, and their dependents.

I should note that many of your recommendations given to us in the past have been incorporated into legislation and have become part of our national laws. It is with the support of your organization and other groups of veterans that our Senate Committee on Veterans' Affairs is able to perform a greater service in our national interest and for our Nation's veterans.

With that, I do want to enter into the record a statement of my good colleague from California, the ranking member of this committee, Alan Cranston. I don't know if Senator Cranston will be able to make it. He desperately wanted to do so and he may. But if not then I will place that statement and the statement of Senator Strom Thurmond, an outstanding and longtime member of this committee, in the record; and at this point recognize Senator Mitchell who will conduct the remaining part of the hearing while I go back into the floor debate.

[The prepared statements of Hon. Alan Cranston, Ranking Minority Member of the Senate Committee on Veterans' Affairs and Hon. Strom Thurmond, a U.S. Senator from the State of South Carolina, follow:]

PREPARED STATEMENT OF HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

I'm delighted to welcome everyone to this morning's hearing.

Last year, working together with our counterparts in the House, and with your support and the support of other veterans' service organizations, we were successful in turning back some very serious threats to VA programs—including proposals to make deep cuts in VA health-care funding and in the Department of Veterans' Benefits.

In addition to resisting these unwise proposed cutbacks last year in VA benefits and services in the name of the budget-cutting, the Congress made some real progress in veterans' benefits and programs including, among others: extending the eligibility period for the Vietnam-era readjustment counseling program; easing the financial burden for blinded and other seriously disabled VA pensioners participating in extended rehabilitation programs; increasing the benefits under the specially adapted housing program; providing new health-care eligibility for veterans exposed to Agent Orange and other herbicides in Vietnam and for veterans who were exposed to radiation from nuclear detonations during their service; improving programs of benefits and services for former prisoners of war; and enacting a vital comp and DIC cost-of-living increase averaging 11.2 percent.

I think these and othe initiatives, all of which depended on the backing of your and other veterans' organizations, will prove to be of real benefit to veterans in the years to come.

I am also pleased to note the Committee's action yesterday in ordering the reporting of two important bills with amendments. One bill, S. 2385, incorporating provisions from my bill, S. 2389, would make certain needed improvements in VA health-care programs, especially to enhance the VA's ability to overcome problems in the recruitment and retention of nurses and other health-care services personnel. The second bill, S. 349, would provide veterans with the same right to independent review in court of the fairness with which their Government treats them that is available to other citizens.

Looking ahead, I will be working for the ultimate enactment of these measures, and I also am eager to learn of your legislative priorities for veterans' programs. I assure you that I will be giving your views very serious consideration.

I would emphasize that many crucial aspects of this year's work remain to be accomplished to insure that the VA remains equal to the tasks at hand. The budget picture is still at this date very unclear, and we may face tough going in maintaining the budget levels that our Committee recommended in our fiscal year 1983 report for veterans' programs.

I look forward to working together with you in these and other areas of importance to the Nation's veterans this year and in the years to come. There are, undoubtedly, great challenges ahead. But we've faced serious challenges before, and I'm sure we'll continue to work closely together to ensure that the Nation honors its commitments to those who answered the call to arms in its hours of need.

PREPARED STATEMENT OF HON. STROM THURMOND, A U.S. SENATOR FROM THE STATE OF SOUTH CAROLINA

MR. CHAIRMAN: It is a pleasure to receive testimony from the AMVETS and the Military Order of the Purple Heart regarding their legislative goals and priorities for 1982.

I want to take this opportunity to welcome Donald R. Russell, National Commander of AMVETS, and Dwayne T. Brigstock, National Commander of the Military Order of the Purple Heart, who will provide the testimony for their respective organizations. It is always a pleasure to have your fine organizations before this Committee, and I look forward to your annual presentations.

Mr. Chairman, I congratulate these organizations today for the excellent service which they provide, not only to their own members, but to all of our Nation's veterans.

Mr. Chairman, I want to commend you for the outstanding leadership you have provided to the Veterans' Affairs Committee since you became Chairman. In the past several months, as we have addressed the 1983 Veterans' Administration budget, the actions of this Committee, under your leadership, have reaffirmed our commitment to the high quality and quantity of medical care and benefits which we provide to our veterans. The actions of this Committee have also reflected the high priority which we place on the care and benefits which we provide to our service-connected disabled veterans. Yesterday, the Committee again reflected this commitment by voting unanimously to report legislation which extends and expands several important medical care programs for veterans. Among the most important of these, I feel, is the provision which authorizes the Veterans' Administration to institute new programs to attract nurses to the VA health-care system.

Mr. Chairman, I would like to welcome all those who are here today. I especially want to welcome those South Carolinians who are in the audience. Thank you.

Senator MITCHELL [presiding]. Thank you very much, Mr. Chairman. I welcome National Commander Russell of the AMVETS, the National Adjutant General of the Military Order of the Purple Heart; Margaret Rummell, president of the AMVETS Women's Auxiliary, and all the other officers and members of these two fine organizations who are here with us today.

It is an honor for me to serve on this committee and to hear the testimony that will be presented here today. I feel that especially, Commander, since I am a member of the AMVETS myself and so you are my commander as well.

I would like at this point to welcome especially the people from Maine who are here. I understand we have a few people who are still in Maine and a few who have come down here to work with the AMVETS in this part of the country—Merrill Morris, Peter Currier, Dan Cloutier, and Dick Lyles. Are they here? Would you please stand and be recognized. Thank you very much. [Applause.]

Thank you very much. Mr. Chairman, I believe that we on this committee understand and appreciate the needs of our Nation's veterans. I look forward to working with you, Senator Cranston, the other Senators on the committee and the veterans organizations represented here today to insure that those needs are met.

The testimony we are about to hear is important to us and the Nation because it focuses attention on the need for and the importance of veterans' programs. There is a lot of talk these days about the importance of the defense budget. I share the view that it is important.

But I believe that veterans' programs should be accorded the same importance. If the United States does not honor its obligations to those who have served the Nation in the past, we will not be able to summon those necessary to serve in times of crisis in the future.

We need the best and most advanced weapons. But every military organization, indeed every society in all of history, is powered by human will, human courage, and human resolve. If that will is lost, if that courage fails, if that resolve declines then no weapons can save us. It is the people of our military organizations—past and present—to whom we must look for our security. That is the standard against which our actions on this committee, in this Congress and in this Government should and must be measured.

I look forward to working with you, Mr. Chairman and the other members of the committee in meeting that standard.

Chairman SIMPSON. Thank you very much, Senator Mitchell. You have been a fine participant with regard to this committee and I am most appreciative, as I am this morning as you take over now and I return to assist in the floor management of the Nuclear Waste bill. I first want to recognize and I am so pleased to have you here, my floormate on the fourth floor in the Dirksen Building, Alan Dixon, a new Senator from Illinois who has been a very effective Senator.

It is a pleasure to have him here and it is a pleasure to have him introduce you, Commander Russell. So, Alan Dixon.

TESTIMONY OF HON. ALAN J. DIXON, A U.S. SENATOR FROM THE STATE OF ILLINOIS

Senator DIXON. Thank you very much, Mr. Chairman and Senator Mitchell. I am delighted to be here and to have the great honor to introduce to you the National Commander of AMVETS, the distinguished Illinoisan and a distinguished American, Don Russell.

Mr. Russell was born and raised in Mount Vernon in southern Illinois where I hail from. He is a veteran of World War II. He has a bachelor's degree from Southeast Missouri University. That is in Girardeau, Mo., Senator Mitchell, so that you can locate it correctly geographically.

He has a master's from Sangamon State University in our State capital city of Springfield, Senator Mitchell. He has 32 years in the AMVETS. He has held every State and national office available in that organization. As I said, he is a highly respected, distinguished Illinoisan and American, and I am proud and pleased to introduce to you, sir, and to this great committee the National Commander of AMVETS, Don Russell from Mount Vernon, Ill.

Senator MITCHELL. Thank you very much, Senator, for your kind introduction. Commander, before you begin, the five buzzers you have just heard ring mean that Senators Dixon and I have 7 minutes to get over to the floor and cast a vote. So I am going to have—since I am the only one here—to have a temporary recess while I go and vote.

I will be back in just a few minutes, as soon as I cast my vote and return. So the hearing will be in recess for just a few moments and then I will return to receive your testimony.

[A brief recess was taken.]

Senator MITCHELL [presiding]. Commander, I again apologize for the interruption. I hope that we won't have any more votes, at least during your testimony. I now look forward to receiving your testimony, Commander Russell.

TESTIMONY OF DONALD R. RUSSELL, AMVETS NATIONAL COMMANDER, OF SPRINGFIELD, ILL., ACCOMPANIED BY GABRIEL P. BRINSKY, NATIONAL SERVICE AND LEGISLATIVE DIRECTOR; MORGAN RUPH, NATIONAL EXECUTIVE DIRECTOR; AND MARGARET RUMMELL, PRESIDENT, AMVETS AUXILIARY

Commander RUSSELL. Thank you, Senator. Being a 30-year employee of the State of Illinois, I understand the wheels of government must turn onward.

As the other people here at the head table have been introduced, let me just say that I am happy to have them here with me and the rest of the AMVETS in the room.

I consider it a privilege to be accorded this opportunity, as the National Commander of AMVETS, to appear before this distinguished committee to present our organization's legislative goals.

I wish to open my testimony by thanking the committee for the role it has played in the enactment of legislation benefiting our veterans in the first session of this 97th Congress. I would also like to acknowledge the great assistance which your staff, as usual, has accorded my staff. Without their cooperation and assistance, the AMVETS would not have been able to play as an effective role as it has.

By reason of time constraints and with the permission of the chairman, I will only highlight our aims and request that the written remainder of our legislative goals be incorporated into the record.

The first item is the medical care program. As did my predecessor, I, too, have chosen to begin my testimony on the Veterans' Administration health-care program. His concerns at the time were deep. If anything, our concerns in this area of health care for our veterans has grown even deeper during the past year.

It is true that the script has changed. No longer is the Administrator of Veterans' Affairs and the Chief Medical Director assuring us that the quality of health-care program will not suffer from reductions financially imposed.

The present Chief Medical Director has acknowledged that he cannot continue to operate a first-class health-care system on decremental budgets. Not enough funding is being appropriated to make up for the loss created by inflation.

While the Physicians' Pay Act of 1980, Public Law 96-330, helped to alleviate the critical shortage of physicians, funding to ease the nurses shortage by providing scholarships has not materialized. We understand that in July 1981 more than 1,000 beds had to be closed down by reason of the nursing shortage. We would like to express our appreciation to the Chief Medical Director, Donald Custis, for the concentrated and valiant attempts being made to relieve the situation. While ingenuity and searching studies for solutions may help, the bottom line is again stymied by dollars.

In our opinion, there is none better in scope and function than the VA medical health-care program. It is cost efficient, directed to its constituency, and modeled to serve its specific specialized needs.

The diversity of its clientele in terms of variety of medical disabilities, its affiliations with the academic community of this country, its research programs, and its dedication of purpose to those whom it serves makes it indeed a unique establishment.

Yet there are those who would change all this. There are those who would forget the Nation, though the Congress of the United States has said to the veterans who served that this is your health-care system and we believe that Congress intends to keep it so.

Some would have the VA health-care system absorbed into the private sector, either through mainstreaming or a national health-care program. The waters are always being tested as to whether or not this may be accomplished.

The American Medical Association realizes, according to prognostications, that there will be an excess of medical personnel in the years to come. This is obvious by the American Medical Association's resolution No. 111 which in effect provided for steering the sick and disabled veterans into private facilities to be cared for by private physicians.

The age of our veterans continues to increase. In the next 5 years the veterans of World War II will have the average age of 66 years. As they age, their medical needs become more acute and the demands imposed on the medical health-care system become greater. Yet the necessary funding is not being provided to keep up with the demands.

Should this trend continue, it is obvious that the VA will not be able to fulfill its commitment of providing health care to our veterans and the next step is the phasing out of the VA Medical Health-Care Program.

As an organization born of World War II and in sympathy with our comrades, the doughboys of World War I, we have been extremely interested in the area of geriatrics. We continue to be extremely grateful to Congressperson Margaret Heckler and members of this committee for their efforts on behalf of our aging veterans.

We continue to believe that this problem, and it will be a problem, of taking care of aging veterans presents a challenge which must be met by the Veterans' Administration. Much must be done by delving into the mysteries of the aging process and much can be done to aid our senior veterans citizens. It has been our consistent view that innovative, creative and, yes, even daring approaches must be resorted to in order to adequately treat the problem. We appreciate what the Veterans' Administration is attempting to do in this area but we continue to feel that it is not moving fast enough and that time is not being considered as of the essence in responding to this need.

While we regret the elimination of scheduled hospital constructions, we are particularly disturbed that the Camden, N.J. facility has been canceled. For this was to be a prototype for the care and practice of geriatrics medicine. It was the only new hospital scheduled for this system.

We feel that not only will the veteran be affected by this cancellation, but so will the American people. The American community at large has frequently benefited from the discoveries provided by the VA medical health-care system

In concluding my remarks on the veterans health care, I would like to invite the attention of the committee to the role played by the State veterans' homes. We in AMVETS are extremely grateful to the various States which provide care for our veterans.

While the Federal Government is most generous in providing funding, it is doubtful whether alone it could provide either the extent of care in quality or quantity as is now being provided to our veterans without the States veterans' homes. In our view, the ever-increasing demands will continue to grow as our veteran population ages and the need for participation of States in providing for our veterans will ever increase. We see nothing in congruous with the States sharing in the costs to care for our veterans. We firmly believe that such joint endeavors should be encouraged by Congress.

OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-76

We would like to comment briefly on OMB Circular A-76 because of the seriousness with which AMVETS views it. A more detailed statement is attached to be made a part of this record.

AMVETS has testified in detail before this committee as to why it believes that OMB Circular A-76 should not be applicable to the Department of Medicine and Surgery of the Veterans' Administration.

The day before yesterday AMVETS voiced its objections before the Subcommittee on Oversight and Investigation of the House Veterans' Affairs Committee on OMB proposed draft revision of A-76. I will not reiterate the reasons.

The bottom line is that we are of the view that the Department of Medicine and Surgery now possesses the authority to contract out when it is so desired. It should do so when management feels that it is advisable. The flexibility to do so should remain as a management tool. There is no need in our opinion for the constraints and mandates imposed by the circular.

AGENT ORANGE

During the 96th Congress, AMVETS testified before this committee urging a calm approach to what appeared to be a traumatic, explosive, and sensational issue. Allegations of birth deformities and innumerable ailments attributed to exposure to agent orange were alleged.

At that time there was no scientific support for these allegations. By reason of the prevailing hysteria, it was our opinion and position that we should await the results of any proof that the disabilities alleged were due to exposure to dioxin.

We continue to be of this view. At the same time we are aware that the Veterans' Administration has not proceeded with the urgent dispatch which we should have preferred to see. In a constructive way, we have encouraged our national service officers to urge all those who have been exposed to the defoliant to seek an examination and to see to it that their claims are documented so that they might be subsequently established.

In this connection AMVETS has issued a pamphlet entitled "A Self-Help Guide" in which we encourage all Vietnam veterans who have been exposed to agent orange to seek an examination by the Veterans' Administration and the pamphlet outlines the various steps to be followed. This publication has been favorably received and we hope in this matter, through cooperation with the Veterans' Administration, to assist in resolving this very sensitive and important problem which faces our Vietnam veterans.

VETERANS EMPLOYMENT

In the view of AMVETS, there are two areas relating to the Vietnam veterans which require immediate attention. One is the resolution of the agent orange dilemma and the other is the matter of employment.

While we are concerned with the unemployment of all veterans, that of the Vietnam veteran is particularly disturbing. He suffers a much higher unemployment rate than his nonveteran peers. And the unemployment rate of the Vietnam veteran appears to be growing.

Hopefully, with the establishment of the position of Assistant Secretary of Labor for Veterans Employment, which has just recently been filled, advances in the area of veterans unemployment will be made.

A few months ago I addressed a letter to the President of the United States expressing our concern and suggesting possible actions which might be considered to relieve the situation that exists in this area. These suggestions are incorporated in the appendage which I have requested to be made a part of the record.

FORMER PRISONER-OF-WAR

We are appreciative of the efforts of this committee in behalf of the former prisoners of war which is reflected in Public Law 97-37. Yet we believe that further studies in their behalf are required. The legislation enacted by the last session corrected certain inequities which existed.

Still, as AMVETS has testified, the legislation has not been encompassing enough. We are of the firm view that there are certain areas of disabilities, particularly in the cardiovascular domain, which may be causally related to wartime internment.

We believe that further studies in this area are indicated as well as in other fields of medicine. There is evidence indicating certain neurological ailments as being causally related to wartime imprisonment.

In fairness to this segment of our veteran population, we believe that the Congress should mandate further medical and scientific studies. More detailed reasons for our beliefs are set forth in our written report.

PENSION BENEFITS

As this committee is aware, AMVETS was born in World War II. As a result, our comrades who fought in World War I are not eligible for membership in our organization. Nonetheless, we as veterans believe that as a group they are special. Their contribution to this Nation will never be forgotten and such legislation would be but a token expression of a grateful nation for their services. Their numbers are rapidly diminishing and their average age is in the mideighties. If this Nation is ever to take steps to express its gratitude in a tangible way it must do so now.

As regard to Public Law 95-588, the Improved Pension Act, we continue to be of the opinion that section 542 of title 38, United States Code, chapter 15, should be amended to increase the rate of pension to a child where there is no surviving spouse. We believe that the current rate payable is inadequate and completely inequitable.

CONCLUSION

With this I would like to conclude my oral remarks. AMVETS will continue to do what it can to assist this committee in its efforts in behalf of our veterans. In order to do this we have added to our legislative staff.

In a final note may I express our appreciation for the contribution made by this committee to the veterans of our Nation.

I thank you, Mr. Chairman and the members of the committee, for the courtesies that you have extended to me and to my staff.

Senator MITCHELL. Commander Russell, thank you for your very fine and important testimony that the committee will, as it always does, take under advisement and give very careful consideration as we develop those policies necessary to meet our common objective, and that is honoring our national obligations to our veterans.

In accordance with your request the full text of your more detailed statement will be inserted in the record.

Commander RUSSELL. Thank you.

Senator MITCHELL. Thank you again, Commander, and I thank all of the other members of your staff who are with you here today. Thank you.

[The prepared statement of Donald R. Russell, national commander, AMVETS, follows:]

PREPARED STATEMENT OF DONALD R. RUSSELL, NATIONAL COMMANDER, AMERICAN VETERANS OF WORLD WAR II, KOREA, AND VIETNAM (AMVETS)

I CONSIDER IT A PRIVILEGE TO BE ACCORDED THIS OPPORTUNITY AS THE NATIONAL COMMANDER OF AMVETS TO APPEAR BEFORE THIS DISTINGUISHED COMMITTEE TO PRESENT OUR ORGANIZATION'S LEGISLATIVE GOALS. I WISH TO OPEN MY TESTIMONY BY THANKING THE COMMITTEE FOR THE ROLE IT HAS PLAYED IN THE ENACTMENT OF LEGISLATION BENEFITING OUR VETERANS IN THE FIRST SESSION OF THIS 97TH CONGRESS. I WOULD ALSO LIKE TO ACKNOWLEDGE THE GREAT ASSISTANCE WHICH YOUR STAFF, AS USUAL, HAS ACCORDED MY STAFF. WITHOUT THEIR COOPERATION AND ASSISTANCE, THE AMVETS WOULD NOT HAVE BEEN ABLE TO PLAY AS AN EFFECTIVE ROLE AS IT HAS.

BY REASON OF TIME CONSTRAINTS, AND WITH THE PERMISSION OF THE CHAIRMAN, I WILL ORALLY HIGH-LIGHT OUR AIMS AND REQUEST THAT THE WRITTEN REMAINDER OF OUR LEGISLATIVE GOALS BE INCORPORATED INTO THE RECORD.

MEDICAL CARE PROGRAM

AS DID MY PREDECESSOR, I, TOO, HAVE CHOSEN TO BEGIN MY TESTIMONY ON THE VETERANS ADMINISTRATION HEALTH CARE PROGRAM. HIS CONCERNS AT THE TIME WERE DEEP. IF ANYTHING, OUR CONCERNS IN THIS AREA OF HEALTH CARE FOR OUR VETERANS HAS GROWN EVEN DEEPER DURING THE PAST YEAR.

IT IS TRUE THAT THE SCRIPT HAS CHANGED. NO LONGER IS THE ADMINISTRATOR OF VETERANS AFFAIRS AND THE CHIEF MEDICAL DIRECTOR ASSURING US THAT THE QUALITY OF HEALTH CARE PROGRAM WILL NOT SUFFER FROM THE REDUCTIONS FINANCIALLY IMPOSED. THE PRESENT CHIEF MEDICAL

DIRECTOR HAS ACKNOWLEDGED THAT HE CANNOT CONTINUE TO OPERATE A FIRST CLASS HEALTH CARE SYSTEM ON DECREMENTAL BUDGETS. NOT ENOUGH FUNDING IS BEING APPROPRIATED TO MAKE UP FOR THE LOSS CREATED BY INFLATION.

WHILE THE PHYSICIAN'S PAY ACT OF 1980, PUBLIC LAW 96-330, HELPED TO ELEVIATE THE CRITICAL SHORTAGE OF PHYSICIANS, FUNDING TO EASE THE NURSES SHORTAGE BY PROVIDING SCHOLARSHIPS HAS NOT MATERIALIZED. WE UNDERSTAND THAT IN JULY 1981 MORE THAN A THOUSAND BEDS HAD TO BE CLOSED DOWN BY REASON OF THE NURSING SHORTAGE. WE WOULD LIKE TO EXPRESS OUR APPRECIATION TO THE CHIEF MEDICAL DIRECTOR, DONALD CUSTIS, FOR THE CONCENTRATED AND VALIANT ATTEMPTS BEING MADE TO RELIEVE THE SITUATION. WHILE INGENUITY AND SEARCHING STUDIES FOR SOLUTIONS MAY HELP, THE BOTTOM LINE AGAIN IS STYMIED BY DOLLARS.

IN OUR OPINION, THERE IS NONE BETTER IN SCOPE AND FUNCTION THAN THE VA MEDICAL HEALTH CARE PROGRAM. IT IS COST EFFICIENT, DIRECTED TO ITS CONSTITUENCY, AND MODELED TO SERVE ITS SPECIFIC SPECIALIZED NEEDS. THE DIVERSITY OF ITS CLIENTELE IN TERMS OF VARIETY OF MEDICAL DISABILITIES, ITS AFFILIATIONS WITH THE ACADEMIC COMMUNITY OF THIS COUNTRY, ITS RESEARCH PROGRAMS, AND ITS DEDICATION OF PURPOSE TO THOSE WHOM IT SERVES, MAKES IT INDEED A UNIQUE ESTABLISHMENT. YET, THERE ARE THOSE WHO WOULD CHANGE ALL THIS. THERE ARE THOSE WHO WOULD FORGET THAT THE NATION, THROUGH THE CONGRESS OF THE UNITED STATES, HAS SAID TO THE VETERANS WHO SERVED THAT THIS IS YOUR HEALTH CARE SYSTEM. AND WE BELIEVE THAT CONGRESS INTENDS TO KEEP IT SO. THIS VIEW, HOWEVER, IS NOT SHARED BY ALL. SOME WOULD HAVE THE VA HEALTH CARE SYSTEM ABSORBED INTO THE PRIVATE SECTOR EITHER THROUGH MAINSTREAMING OR A NATIONAL HEALTH CARE PROGRAM. THE WATERS

ARE ALWAYS BEING TESTED AS TO WHETHER OR NOT THIS MAY BE ACCOMPLISHED. THE AMERICAN MEDICAL ASSOCIATION REALIZES ACCORDING TO PROGNOSTICATIONS THAT THERE WILL BE AN EXCESS OF MEDICAL PERSONNEL IN THE YEARS TO COME. THIS IS OBVIOUS BY THE AMERICAN MEDICAL ASSOCIATION RESOLUTION NUMBER 111 WHICH IN EFFECT PROVIDED FOR STEERING THE SICK AND DISABLED VETERANS INTO PRIVATE FACILITIES TO BE CARED FOR BY PRIVATE PHYSICIANS.

THE AGE OF OUR VETERANS CONTINUES TO INCREASE. IN THE NEXT FIVE YEARS THE VETERANS OF WORLD WAR II WILL HAVE THE AVERAGE AGE OF 66 YEARS. AS THEY AGE, THEIR MEDICAL NEEDS BECOME MORE ACUTE AND THE DEMANDS IMPOSED UPON THE MEDICAL HEALTH CARE SYSTEM BECOME GREATER. YET, THE NECESSARY FUNDING IS NOT BEING PROVIDED TO KEEP UP WITH THE DEMANDS. SHOULD THIS TREND CONTINUE, IT IS OBVIOUS THAT THE VA WILL NOT BE ABLE TO FULFILL ITS COMMITMENT OF PROVIDING HEALTH CARE TO OUR VETERANS AND THE NEXT STEP IS THE PHASING OUT OF THE VA MEDICAL HEALTH CARE PROGRAM.

AS AN ORGANIZATION BORN OF WORLD WAR II, AND IN SYMPATHY WITH OUR COMRADES, THE DOUGHBOYS OF WORLD WAR I, WE HAVE BEEN EXTREMELY INTERESTED IN THE AREA OF GERIATRICS. WE CONTINUE TO BE EXTREMELY GRATEFUL TO CONGRESSPERSON MARGARET HECKLER AND MEMBERS OF THIS COMMITTEE FOR THEIR EFFORTS ON BEHALF OF OUR AGING VETERANS. WE CONTINUE TO BELIEVE THAT THIS PROBLEM, AND IT WILL BE A PROBLEM OF TAKING CARE OF OUR AGING VETERANS, PRESENTS A CHALLENGE WHICH MUST BE MET BY THE VETERANS ADMINISTRATION. MUCH MUST BE DONE BY DELVING INTO THE MYSTERIES OF THE AGING PROCESS AND WHAT CAN BE DONE TO AID OUR SENIOR VETERANS CITIZENS. IT HAS BEEN OUR CONSISTENT VIEW THAT INNOVATIVE, CREATIVE, AND YES, EVEN DARING, APPROACHES MUST BE RESORTED TO IN ORDER TO ADEQUATELY TREAT THE

PROBLEM. WE APPRECIATE WHAT THE VETERANS ADMINISTRATION IS ATTEMPTING TO DO IN THIS AREA BUT WE CONTINUE TO FEEL THAT IT IS NOT MOVING FAST ENOUGH AND TIME IS NOT BEING CONSIDERED AS OF THE ESSENCE IN RESPONDING TO THIS NEED. WHILE WE REGRET THE ELIMINATION OF SCHEDULED HOSPITAL CONSTRUCTIONS, WE ARE PARTICULARLY DISTURBED THAT CAMDEN, NEW JERSEY, FACILITY HAS BEEN CANCELED. FOR THIS WAS TO BE A PROTO-TYPE FOR THE PRACTICE OF GERIATRICS MEDICINE. IT WAS THE ONLY NEW HOSPITAL SCHEDULED FOR THIS SYSTEM. WE FEEL THAT NOT ONLY WILL THE VETERAN BE AFFECTED BY THIS CANCELLATION BUT SO WILL THE AMERICAN PEOPLE. THE AMERICAN COMMUNITY AT-LARGE HAS FREQUENTLY BENEFITED FROM THE DISCOVERIES PROVIDED BY THE VA MEDICAL HEALTH CARE SYSTEM.

IN CONCLUDING MY REMARKS ON THE VETERANS HEALTH CARE, I WOULD LIKE TO INVITE THE ATTENTION OF THE COMMITTEE TO THE ROLE PLAYED BY THE STATE VETERANS HOMES. WE, IN AMVETS, ARE EXTREMELY GRATEFUL TO THE VARIOUS STATES WHICH PROVIDE CARE FOR OUR VETERANS. WHILE THE FEDERAL GOVERNMENT IS MOST GENEROUS IN PROVIDING FUNDING, IT IS DOUBTFUL WHETHER ALONE IT COULD PROVIDE EITHER THE EXTENT OF CARE IN QUALITY OR QUANTITY AS IS NOW PROVIDED TO OUR VETERANS WITHOUT THE STATES VETERANS HOMES. IN OUR VIEW, THE EVER INCREASING DEMANDS WILL CONTINUE TO GROW AS OUR VETERAN POPULATION AGES AND THE NEED FOR PARTICIPATION OF STATES IN PROVIDING FOR OUR VETERANS WILL EVER INCREASE. WE SEE NOTHING INCONGROUS WITH THE STATES SHARING IN THE COSTS TO CARE FOR OUR VETERANS. WE FIRMLY BELIEVE THAT SUCH JOINT ENDEAVORS SHOULD BE ENCOURAGED BY THE CONGRESS.

OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-76

WE WOULD LIKE TO COMMENT BRIEFLY ON OMB CIRCULAR A-76 BECAUSE OF THE SERIOUSNESS WITH WHICH AMVETS VIEWS IT. A MORE DETAIL STATEMENT IS ATTACHED TO BE MADE A PART OF THIS RECORD.

AMVETS HAS TESTIFIED IN DETAIL BEFORE THIS COMMITTEE AS TO WHY IT BELIEVES THAT OMB CIRCULAR A-76 SHOULD NOT BE APPLICABLE TO THE DEPARTMENT OF MEDICINE AND SURGERY OF THE VETERAN ADMINISTRATION. I WILL NOT REITERATE THE REASONS. THE BOTTOM LINE IS THAT WE ARE OF THE VIEW THAT THE DEPARTMENT OF MEDICINE AND SURGERY NOW PROCESSES THE AUTHORITY TO CONTRACT OUT WHEN IT SO DESIRES. IT SHOULD DO SO WHEN MANAGEMENT FEELS THAT IT IS ADVISABLE. THE FLEXIBILITY TO DO SO SHOULD REMAIN AS A MANAGEMENT TOOL. THERE IS NO NEED, IN OUR OPINION, FOR THE CONSTRAINTS AND MANDATES IMPOSED BY THE CIRCULAR.

AGENT ORANGE

DURING THE 96TH CONGRESS, AMVETS TESTIFIED BEFORE THIS COMMITTEE URGING A CALM APPROACH TO WHAT APPEARED TO BE A TRAUMATIC,EXPLOSIVE, AND SENSATIONAL ISSUE. ALLEGATIONS OF BIRTH DEFORMITIES AND INNUMERABLE AILMENTS ATTRIBUTED TO EXPOSURE TO AGENT ORANGE WERE ALLEGED. AT THE TIME, THERE WAS NO SCIENTIFIC SUPPORT FOR THESE ALLEGATIONS. BY REASON OF THE PREVAILING HYSTERIA, IT WAS OUR POSITION THAT WE SHOULD AWAIT THE RESULTS OF ANY PROOF THAT THE DISABILITIES ALLEGED WERE DUE TO EXPOSURE TO DIOXIN.

WE CONTINUE TO BE OF THIS VIEW. AT THE SAME TIME, WE ARE AWARE THAT THE VETERANS ADMINISTRATION HAS NOT PROCEEDED WITH THE URGENT DISPATCH WHICH WE SHOULD HAVE PREFERRED TO SEE. IN A CONSTRUCTIVE

WAY, WE HAVE ENCOURAGED OUR NATIONAL SERVICE OFFICERS TO URGE ALL THOSE WHO HAVE BEEN EXPOSED TO THE DEFOLIANT TO SEEK AN EXAMINATION AND TO SEE TO IT THAT THEIR CLAIMS ARE DOCUMENTED SO THAT THEY MIGHT BE SUBSEQUENTLY ESTABLISHED. IN THIS CONNECTION, AMVETS HAS ISSUED A PAMPHLET ENTITLED A SELF HELP GUIDE IN WHICH WE ENCOURAGE ALL VIETNAM VETERANS WHO HAVE BEEN EXPOSED TO AGENT ORANGE TO SEEK AN EXAMINATION BY THE VETERANS ADMINISTRATION AND THE PAMPHLET OUTLINES THE VARIOUS STEPS TO BE FOLLOWED.

THIS PUBLICATION HAS BEEN FAVORABLY RECEIVED AND WE HOPE IN THIS MANNER THROUGH COOPERATION WITH THE VETERANS ADMINISTRATION TO ASSIST IN RESOLVING THIS VERY SENSITIVE AND IMPORTANT PROBLEM WHICH FACES OUR VIETNAM VETERANS.

VETERANS EMPLOYMENT

IN THE VIEW OF AMVETS, THERE ARE TWO AREAS RELATING TO THE VIETNAM VETERANS WHICH REQUIRE IMMEDIATE ATTENTION. ONE IS THE RESOLUTION OF THE AGENT ORANGE DILEMMA AND THE OTHER IS THE MATTER OF EMPLOYMENT. WHILE WE ARE CONCERNED WITH THE UNEMPLOYMENT OF ALL VETERANS, THAT OF THE VIETNAM VETERAN IS PARTICULARLY DISTURBING. HE SUFFERS A 1.2% HIGHER UNEMPLOYMENT RATE THAN HIS NON-VETERAN PEERS. AND THE UNEMPLOYMENT RATE OF THE VIETNAM VETERAN APPEARS TO BE GROWING. HOPEFULLY, WITH THE ESTABLISHMENT OF THE POSITION OF ASSISTANT SECRETARY OF LABOR FOR VETERANS EMPLOYMENT, WHICH HAS JUST RECENTLY BEEN FILLED, ADVANCES IN THE AREA OF VETERANS UNEMPLOYMENT WILL BE MADE. A FEW MONTHS AGO I ADDRESSED A LETTER TO THE PRESIDENT OF THE UNITED STATES EXPRESSING OUR CONCERNS AND SUGGESTING POSSIBLE ACTIONS WHICH MIGHT BE CONSIDERED TO RELIEVE

THE SITUATION THAT EXISTS IN THIS AREA. THESE SUGGESTIONS ARE INCORPORATED IN THE APPENDAGE WHICH I HAVE REQUESTED TO BE MADE A PART OF THE RECORD.

FORMER PRISONER-OF-WAR

WE ARE APPRECIATIVE OF THE EFFORTS OF THIS COMMITTEE IN BEHALF OF THE FORMER PRISONERS-OF-WAR WHICH IS REFLECTED IN PUBLIC LAW 97-37. YET, WE BELIEVE THAT FURTHER STUDIES IN THEIR BEHALF ARE REQUIRED. THE LEGISLATION ENACTED BY THE LAST SESSION CORRECTED CERTAIN INQUITIES WHICH EXISTED. STILL, AS AMVETS HAS TESTIFIED, THE LEGISLATION HAS NOT BEEN ENCOMPASSING ENOUGH. WE ARE OF THE FIRM VIEW THAT THERE ARE CERTAIN AREAS OF DISABILITIES, PARTICULARLY IN THE CARDIOVASCULAR DOMAIN, WHICH MAY BE CAUSALLY RELATED TO A WARTIME INTERNMENT. WE BELIEVE THAT FURTHER STUDIES IN THIS AREA ARE INDICATED AS WELL AS IN OTHER FIELDS OF MEDICINE. THERE IS EVIDENCE INDICATING CERTAIN NEUROLOGICAL AILMENTS AS BEING CAUSALLY RELATED TO WARTIME IMPRISONMENT. IN FAIRNESS TO THIS SEGMENT OF OUR VETERAN POPULATION WE BELIEVE THAT THE CONGRESS SHOULD MANDATE FURTHER MEDICAL AND SCIENTIFIC STUDIES. MORE DETAILED REASONS FOR OUR BELIEFS ARE SET FORTH IN OUR WRITTEN REPORT.

PENSION BENEFITS

AS THIS COMMITTEE IS AWARE, AMVETS WAS BORN OF WORLD WAR II. AS A RESULT, OUR COMRADES WHO FOUGHT IN WORLD WAR I ARE NOT ELIGIBLE FOR MEMBERSHIP IN OUR ORGANIZATION. NONETHELESS, WE

AS VETERANS BELIEVE THAT AS A GROUP THEY ARE SPECIAL. THEIR CONTRIBUTION TO THIS NATION WILL NEVER BE FORGOTTEN AND SUCH LEGISLATION WOULD BE BUT A TOKEN EXPRESSION OF A GRATEFUL NATION FOR THEIR SERVICES. THEIR NUMBERS ARE RAPIDLY DIMINISHING AND THEIR AVERAGE AGE IS IN THE MID-80s. IF THIS NATION IS EVER TO TAKE STEPS TO EXPRESS ITS GRATITUDE IN A TANGIBLE WAY IT MUST DO SO NOW.

AS REGARDS PUBLIC LAW 95-588, THE IMPROVED PENSION ACT, WE CONTINUE TO BE OF THE OPINION THAT SECTION 542 OF TITLE 38 U.S.C., CHAPTER 15, SHOULD BE AMENDED TO INCREASE THE RATE OF PENSION TO A CHILD WHERE THERE IS NO SURVIVING SPOUSE. WE BELIEVE THAT THE CURRENT RATE PAYABLE IS INADEQUATE AND COMPLETELY INEQUITABLE.

CONCLUSION

WITH THIS I WOULD LIKE TO CONCLUDE MY ORAL REMARKS. AMVETS WILL CONTINUE TO DO WHAT IS CAN TO ASSIST THIS COMMITTEE IN ITS EFFORTS IN BEHALF OF OUR VETERANS. IN ORDER TO DO THIS,WE HAVE ADDED TO OUR LEGISLATIVE STAFF. IN A FINAL NOTE, MAY I EXPRESS OUR APPRECIATION FOR THE CONTRIBUTION MADE BY THIS COMMITTEE TO THE VETERANS OF OUR NATION.

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE FOR THE COURTESIES WHICH YOU HAVE EXTENDED TO ME AND MY STAFF.

VA MEDICAL CARE PROGRAM

Our greatest concern continues to be the erosion of the VA Medical Health Care Program. Over the past few years, thousands of beds have been closed and thousands have been removed from the rolls of the Department of Medicine and Surgery. We appreciate that these are times of fiscal austerity and we are in accord, generally, with President Reagan's attempt to balance the budget. We also realize that in order to accomplish this, contributions will have to be made by all communities of our society.

Yet, we view these reductions in the capabilities of providing the necessary health care to our veterans as a threat to the system itself. There are many forces at play which for their own interest would like to see the VA Health Care System absorbed into the private sector. While there may be protestations that this is not so, it is difficult to reconcile the increasing demand placed upon the system by reason of the increasing age in numbers of its clientele, the veteran, upon the system and the increasing reduction in the number of beds, personnel, research, and construction. These are not actions to promote a growing and viable system needed to meet its increasing demands.

More than 34 thousand beds have been removed from the Veterans Administration system since the end of World War II until the last fiscal year. Translating the latest budget cut as proposed by the Reagan Administration, there will be a loss of 5,000 medical care personnel and a reduction of the average daily patient population both in inpatient and outpatient of 3,000. The proposed reduction of $455 million includes $296.9 million from VA medical care, $56.3 million from major VA construction projects, $55.8 million from general operating expenses, and $22.5 million from medical and prosthetic research.

It appears that the reduction in the number of beds previously indicated as from 84 thousand to 72 thousand in the next few years may have been optimistic.

These budgetary slashes of $297 million in medical care and a $150 million reduction in hospital construction, research, and medical administration, is bound to affect the quality of the health care provided by the VA system. The next step, whether intended or not, is to phase out the veterans' medical health care programs.

Should the Congress permit this to happen, it would be reneging on the promise made to the veterans who have served this country. For the Congress has intended and has declared that the VA Medical Health Care System was established for the veteran and belonged to the veterans. And as AMVETS has reiterated time and time again, we view this cost of medical health care for our veterans as an extension of the inevitable cost of wars which we have fought. As a corollary, we view the VA Department of Medicine and Surgery as the principal backup resource to the Defense Department in the event of an emergency. It appears only natural that the Veterans Administration should provide immediate care for battlefield casualties and serve as the primary backup resource. None is better equipped than the Veterans Administration both as to staffing and equipment to deal with the type of cases which would be encountered in treating military casualties.

While we do not believe that such plans are necessary in order for the Congress to provide the necessary health care for its veterans, it is a matter which should be taken into consideration.

We continue to oppose any concept that the Veterans Administration should in any manner share the responsibility of the 130 thousand empty beds found in the civilian hospital sector. The situation was not created by the Veterans Administration and should not be corrected at the expense of the VA Health Care Program with its entirely different needs. Nor should the needs of the local Health System Agencies determine the hospital construction needs of the Veterans Administration. There is no logical reason why the VA plans for hospital construction should be subjected to their approval since the systems are not interrelated.

AGENT ORANGE

AMVETS from the beginning has pursued a moderate course on this very controversial emotional issue. It has been our view that until the scientific evidence is in, a wait-and-see attitude should be pursued. It was felt to be unfair to the Vietnam veterans and their spouses to accept conclusions which were not medically established.

At the same time, we advocated an attitude to be assumed by the Veterans Administration of time being of the essence to resolve this matter. We have urged at every opportunity that greater haste be given to the resolution of the scientific and medical problems presented. We have expressed our impatience at the pace at which the solutions were being pursued. In the interim, our organization was encouraging the Vietnam veteran to seek an examination and to document his claim in the event a causal relationship between disabilities and exposure to Agent Orange be established. To assist the Vietnam veteran, AMVETS has issued thousands of pamphlets to guide the Vietnam veteran in documenting his case should a causal relationship between exposure and disabilities claimed be shown. We have encouraged the Vietnam veteran to seek an examination by the Veterans Administration which is his right to do.

Numerous studies on this subject are being currently pursued. It is our intention to urge their conclusions with rapid dispatch. It is our intention to oversee the results of these studies both as to adequacy and fairness. It is our intention to pursue to a logical conclusion that any benefits due to the Vietnam veteran by reason of such exposure it granted to him by the Congress of the United States. We will be actively engaged in any proposed legislation dealing with this subject. We will assure that all benefits that can properly be granted to the veteran are allowed.

PENSION

We continue to be of the opinion that the Improved Pension Act, Public Law 95-588, which has been in effect for a short time, has imperfections which should receive the attention of this Committee. We continue to be of the opinion that the rates set for dependents are inadequate and particularly those provided for a child where there is no surviving spouse.

Regarding our comrades of World War I, AMVETS has been mandated by its past Conventions to favor a pension for our World War I veterans. Even though we are an organization born from World War II, without World War I members, we favor a special pension for this very special group of veterans. They number less than a half million. Their average age is approximately 85. A pension if it is to be granted should be granted now. Its cost should come within current fiscal restraints. The sacrifices made by this group of patriotic Americans can never be measured nor repaid. For us who served afterward there can be none more noble than those who had served before us. Whether the country owes him this is not really germane. The real issue is whether or not the country should express its gratitude for their contribution. We believe the answer is obvious.

EMPLOYMENT

When the Vietnam combat veterans came home, the "boom times" of the late 1960's were over. They found an unresponsive job market and very little government employment assistance.

This neglect of the vital employment readjustment of Vietnam veterans has created unemployment statistics which have consistently hovered between 300,000 - 500,000 since 1971.

AMVETS urges the initiation of a comprehensive national employment program aimed at training and placing unemployed Vietnam veterans in the private sector work force. Briefly outlined, the generan concept of such a program are:

- A Presidential Proclamation announcing a major employment and training program specifically for Vietnam Era veterans.
- A directive from the White House calling for the participation of all private sector employers and designating the Veterans Administration and the Department of Labor as lead agencies with instructions to the Department of Labor's Assistanct Secretary for Veterans Employment and the VA's vocational rehabilitation and benefits office to coordinate internal program activities.

- The creation of a system of tax incentives and/or direct reimbursements which combined with the newly extended G.I. Bill educational benefit would serve as the means to attract private sector employers and Vietnam Era veterans to the program.

- The utilization of the existing Disabled Veterans Outreach Program (DVOP) as the mechanism to locate, train and place Vietnam Era veterans in the program and for local level job development. The State Directors for Veterans Employment and their assistants, which are under the purview of the Labor Department's Veterans Employment Service, could easily perform state-level monitoring duties, as well as maintaining employer contracts.

OMB CIRCULAR A-76

In view of the enactment of Public Law 97-66 which was signed by the President on October 17, 1981, I will not comment upon the cost of implementation of the Circular versus the potential cost saving features since the Law precludes the Veterans Administration from conducting any further studies on the feasibility of contracting out. As this Committee is aware, the Congress has indicated that no further steps should be taken to implement Circular A-76 cost comparison studies in the VA health care facilities unless the Congress has expressedly made such funds available for that specific purpose. As a note in passing, it may be observed parenthetically that the VA estimates that it would cost 29 million dollars for the approximately 4 thousand studies required under Circular A-76.

At the onset I might indicate that AMVETS has no argument with the over-all concept of OMB Circular A-76 insofar as it relates to competitiveness and the selection of the most cost effective services.

What is wrong, as we view it, is that its provisions are too broad in application and fail to take into consideration good managerial precepts which are applied on a continuing basis. Perhaps more importantly, it fails to take into consideration that certain services, such as health care, cannot be evaluated or measured in terms of dollar values.

AMVETS believes in the competitive system and we embrace the concept of utilizing services which prove to be most cost effective. But at the same time we are also convinced that there are certain services which cannot be measured or equated in terms of money or dollars. There are certain products in the form of services which do not lend themselves to a profit or loss evaluation and any attempt to do so in terms of services provided by the Veterans Health Care Program would be anachronistic.

Under Department of Medicine and Surgery of the Veterans Administration, 622 million dollars were expended in Fiscal Year 1980 for maintenance, repair and operation of VA health care facilities, almost half of that amount was expended through contract services. And the trend seems to be towards an increased reliance upon the private sector for various functions such as ambulance service, garbage and refuse collection, plant maintenance, insect control, etc. This tendency has occurred because of improved management techniques and realizations. In our view, management should continue to exercise its expertise in the realm of realities as exist under given circumstances rather than by following stereotyped dictates of a written instruction.

AMVETS is opposed to the application of the provisions of OMB Circular A-76 to the Department of Medicine and Surgery of the Veterans Administration in any of its operations. We believe that a more effective system can be accomplished through the use of managerial prerogatives as determined within the purview of existing circumstances.

Public Law 95-479 required the Administrator of Veterans Affairs, in consultation with the Secretary of Defense, to carry out a comprehensive study of the disability compensation awarded to, and the health care needs of, veterans who are former prisoner-of-war. As a result of this study, Public Law 97-37, Prisoner-of-War Health-Care Benefits Act of 1981 was enacted.

In our opinion, the legislation does not go far enough. There is no dispute that the Veterans Administration claims folders reveal a paucity of repatriation examinations in the case of former prisoners-of-war. Yet, the legislation does not correct this deficiency by possible administrative actions which could be taken. Possible presumptions are not proposed except in the neuropsychiatric area. This, even though certain presumptions relative to specified disabilities might be in order. For example the study concedes that the POW experience was characterized by starvation diet, poor or non-existent medical care, death marches, executions and torture.

Medicine is an inexact science which has its limitations. We fully realize that medically it is extremely difficult to establish the genesis of certain diseases. But there is a reasonable basis for raising the query as to whether or not the physical experiences while a prisoner-of-war may not play a role in the development of subsequent cardiovascular or neurological disabilities. When it cannot be determined by medical science as to whether a causal relationship exists, resort must be made to other means. Perhaps, resort should be made to empirical evidence such as was done in the study conducted by the National Academy of Science relating to the affect of amputations upon the cardiovascular system. This study, also mandated by Congress, resulted in the grants of service connection for the cause of death in cases which prior thereto would have been denied.

Numerous studies have been conducted by various countries thoughout the world relating to the affects of incarceration. They have touched upon every possible conceivable disease suffered by mankind. We cannot but feel that the affects of stress, maltreatment, and incarceration may play a role in the development of cardiovascular diseases and certain neurological diseases.

DEPARTMENT OF VETERANS BENEFITS, VETERANS ADMINISTRATION

The Department of Veterans Benefits is charged with the administration of various benefits administered to our veterans and their dependents. It adjudicates the compensation, pension, and DIC benefits which are received by its beneficiaries. It sees to it that home loans are made, that school benefits are granted, and that the veterans are counseled. Obviously, it plays a vital role in the administration of all the veterans benefits. Yet, each time there is a cut in the budget, it is the Department of Veterans Benefits which feels the greatest impact. This, for the simple reason that the Veterans Administration Budget is comprised chiefly of entitlements established by law and which cannot be disturbed. Therefore, a cut in personnel is the only possible solution. Yet, it shouldn't be, for personnel provide services and services in an organization such as the Veterans Administration is really the name of the game. Not withstanding this reality, the budget cuts for FY 1982 call for a reduction in regional office personnel of 2,373. An additional 218 will be slashed in FY 1983. It is obvious, that such decrease in personnel will seriously curtail the delivery of benefits to our veterans.

While we are in accord with the general concept of decreasing cost by the elimination of waste and duplication, we are concerned about the budgetary restraints being imposed upon the delivery of the VA benefit system. We believe it to be unfair to impose unreasonable demands upon the Department of Veterans Benefits. We commend Dorothy Starbuck, the Chief Benefits Director, for her insight and attempts to achieve the element of efficiency in her operations.

G. I. BILL

The First Session of this Congress has seen the veterans and armed services Committees devoting a great deal of time to the preparation of a G.I. Bill which would provide benefits for our present and future members of the military services. The various bills before the Congress have dealt with the concept of providing legislation as a recruitment and retention measure.

While we have viewed the various proposed bills as leaving much to be desired, we have in effect testified in favor of the measures. We have done so from the desire to assist in alleviating the problems of the military and maintaining a Voluntary Army. Most of the bills introduced were neither Department of Defense bills nor Veterans Administration bills, being a melange of both. Some of the provisions of the proposed legislation would be administered and funded by the Department of Defense and other provisions would be administered and funded by the Veterans Administration. We are of the opinion that benefits strictly of Department of Defense origin and militarily oriented should be funded and administered by the Department of Defense. This on a theoretical basis that the Veterans Administration is entity unto itself established for the sole purpose of administering benefits to veterans and their dependents.

Apart from these philosophical distinctions, AMVETS is in favor of legislation which would assist the military to recruit and retain personnel in the Voluntary Armed Forces. This in the absence of a Draft which we have consistently advocated as being indicated in the present world climate. It obviously follows that in being favor of a Draft, AMVETS favors registration.

While this entire subject is not within the jurisdiction of the Committee, we would express our continuing belief that the Voluntary Army which was begun in 1973 has not been a success. While we are encouraged by the Report of the Secretary of Defense Weinberger that the recruitments were up, we cannot help but wonder what the impact of an improved economy might be upon recruitment. Should this continue, it is questionable whether there would be a need for a peacetime G.I. Bill.

JUDICIAL REVIEW

AMVETS has advocated for the past several years a limited form of judicial review which would subject the decisions of the Board of Veterans Appeals to a review by a District Federal Court. Such a review would be limited strictly to the legality of regulations and legal pronouncements of the Administrator and would not decide a case upon the merits. The Board as the final appellate body is bound by the regulations issued by the Administration as well as the opinions of the General Counsel and the promulgated Administrators' decisions.

The Veterans Administration has taken the position that such legislation is not required inasmuch as the courts have been assuming jurisdiction even though Section 211, Title 38 U.S.Code provides that the decision by the Administrator shall be final and not subject to judicial review. While it is true that some courts have for many years been assuming jurisdiction in spite of Section 211, it is our opinion that many courts have refused jurisdiction by reason of Section 211. Therefore in order to insure uniformity in the judicial review of cases, we believe specific legislation for this purpose should be provided.

We realize that administrative law has its place in American jurisprudence. And, we do not wish to add to the already heavy burdens of the judiciary. However, it has been historically the role of the judiciary to pass upon the interpretation of laws. Under the present procedure of the Veterans Administration, this prerogative of interpreting the laws of this land are in effect being exercised by the General

Counsel of the Veterans Administration. We believe that this function belongs to the judiciary. In our opinion it would not result in any extensive case load or be a burden upon the court if it were to confine its determinations to the interpretation of law only.

Were the courts to be granted jurisdiction through specific legislation, a psychological advantage would also accrue. The veteran would not feel that he was being left out from the judicial process or that he was being denied a right which is enjoyed by others.

CONCLUSION

In concluding, I cannot help but observe that no legislation has so disrupted the veterans community since the enactment of the Improved Pension Act of 1978 as was the restrictions placed upon entitlement to burial benefits. We readily appreciate that this resulted from the reconciliation process of the budget. Yet, we do believe that the Congress was not fully aware what the impact would be in eliminating the eligibility for this benefit which was first created by the World War Veterans Act of 1924. This benefit has been in effect for more than half a century. It is a benefit which the veterans view as theirs and the only one that many will receive for their services rendered in the Armed Forces of the United States Government. We urge that this benefit be restored in its entirety.

This concludes my testimony. Thank you.

Senator MITCHELL. We will now hear from the next panel of witnesses, the Military Order of the Purple Heart. Commander Brigstock, on behalf of the committee I welcome you here today and I would ask that you perhaps might introduce the other representatives of your organization who are at the table with you and then I will be very pleased to receive your testimony.

TESTIMONY OF DUANE T. BRIGSTOCK, NATIONAL COMMANDER OF THE MILITARY ORDER OF THE PURPLE HEART, ACCOMPANIED BY DONALD ARTHUR, NATIONAL SENIOR VICE COMMANDER; FRANK ATHANASON, ADJUTANT GENERAL; RICHARD J. GALLANT, NATIONAL SERVICE DIRECTOR; AND MAURICE LOIR, LEGISLATIVE DIRECTOR

Commander BRIGSTOCK. Thank you, Mr. Chairman. I just ran up three flights of stairs, not for conditioning but it is the only way to do it.

Senator MITCHELL. That's all right.

Commander BRIGSTOCK. I am very happy to introduce the members of the Military Order of the Purple Heart who are with us today.

On my left is Maurice Loir from New York, our national legislative director; our national service director, Richard Gallant; our national adjutant general, Frank Athanason; and the next national Commander of the Purple Heart from Florida, Don Arthur.

Senator MITCHELL. I welcome you gentlemen, as well.

Commander BRIGSTOCK. And we have a few dedicated ladies and members sitting in back of us who are also connected with our organization.

Mr. Chairman and distinguished members of the Committee on Veterans' Affairs, I feel privileged to be here today and to be allowed to take a few minutes of your valuable time.

The legislative position of my organization has been provided to your committee and I feel certain that it will be closely considered and included in the Congressional Record.

Mr. Chairman, we fully recognize the difficulties that Congress is having with the Federal budget and understand that cost savings no doubt will have to be realized. We ask that you continue your vigilance to insure that no legislation develops that will deny the veteran those benefits this committee has so ably supported.

Because of our Nation's economic situation, I believe now more than ever a closer working relationship must be developed between Congress, through your committee' and the veterans' organizations.

Mr. Chairman, together we must work to eliminate the continuing changes or threat of change that would endanger veterans' benefits and leave our veterans confused.

An example is the proposed 8.1-percent increase for compensation which is a gain but the proposed elimination of dependency allowance for those rated less than 50-percent disabled is totally detrimental. This is the type action that presents uncertainty to the veteran because the veterans' benefits would be reduced overall. This kind of proposed legislation fosters the questionability of the sincerity of our Government concerning veterans' benefits.

We are gravely concerned that each administration and many old and new Government officials appear to have the attitude that veterans' benefits are fair game for reduction whenever it comes to preparation of the final budget.

Our veterans paid a terrible price to insure our liberty and we must exert every effort to protect them from those who refuse to recognize their sacrifice. We ask you to keep fighting against reduced veterans' benefits because without you and your colleagues who support the veteran it would not be long before they would be relegated to a classification of a welfare recipient. Our veterans do not deserve this and I am positive that you will not let it occur.

The Military Order of the Purple Heart has always made an effort to be objective and to approach veterans' benefits with a strong degree of moderation. We are service-connected veterans, yet we support all veterans.

The proposed Veterans' Administration budget for fiscal year 1983 causes us concern in some areas but especially their proposal for elimination of dependency allowance for veterans rated less than 50-percent disabled and the elimination of the subsistence allowance for vocational rehabilitation dependents is severe and we nonconcur in the strongest terms possible with this proposal. The proposed budget for health care is acceptable and we hope that it is the beginning of a firm recognition of need and not a temporary respite because of the times.

Mr. Chairman, for several years we have watched an unfavorable evolutionary change in the philosophical and ideological approach to veterans affairs. This changing attitude is being manifested in varying degrees by both our elected and appointed Government officials.

We attribute part of this to the increasing numbers of nonveterans occupying positions that can influence the policy and the decisions affecting veterans' benefits. These individuals apparently do not fully understand the sacrifices our veterans have made and continue to make because of their wounds so we may enjoy the liberty we have in this great Nation of ours.

It is further exacerbated by those who would place veterans under the spectrum of their total social welfare syndrome that permeates their every thought concerning benefits or entitlements, instead of recognizing the special status that this Nation has bestowed on our veterans.

This concern has been discussed with the Administrator of the Veterans' Administration. He cited examples to me that he was contending with this, and that he was in the process of reorienting the individuals and redefining policy to conform to the purpose of the Veterans' Administration.

This attitudinal change worries us since we have witnessed this change and see it continuing. It has been manifested by attacks on virtually every veterans' program, including attempts toward their elimination, to underfund or not to fund at all.

We also have heard of a recent proposal that is designed to combine or to integrate veterans' benefits into other social program entitlements. This action would probably reduce, or, in some cases, even eliminate, certain veterans' benefits.

It would also deny the veteran benefits from other programs that he has contributed to or is entitled by law. We cannot support these proposals that will deny our combat wounded veterans the support that this Nation has provided to them and which we believe the Nation wants continued.

Believing this, the recent change denying burial allowance to those not in receipt of or entitled to compensation or pension has caused us concern. We addressed this issue to you earlier this year and ask that our concern be translated into authority and funding.

Similary, we view the planned reduction of beneficiary travel by $17 million as an act that will in most instances hurt those veterans who can least afford this expenditure. It could result in many veterans not receiving medical care because they are unable to defray the cost of travel to a medical facility. We ask that you review this issue again and its potential impact on the veteran. We know cost savings are necessary but this may not be the area to realize it.

Continuing studies by the Veterans' Administration on the aging veteran are necessary, but there must be a time limit, a decision rendered, and actions begun. The aging veteran is here now and the ranks increase every day.

As yet there is no firm, long-range plan to provide the requisite care for these veterans. We ask for your oversight on this matter so it will be a paramount issue with the Veterans' Administration in the very near term. Probably, we will see a major impact within the next 3 years.

There is a camaraderie that prevails among our membership because of our unusual ties. We are the combat wounded. Accordingly, we are deeply concerned with the Veterans' Administration's rating schedule, specifically that portion that deals with evaluations assigned combat wounds.

The Congress authorized the Veterans' Administration to write the rating schedule. The Military Order of the Purple Heart endorsed the 1945 edition when it was originally edited. Since its issuance there has been no material change in evaluating combat wounds and I hasten to add that no portion of the rating schedule is more comprehensively stated than is this section. It covers the better part of five pages of the schedule, pages 17 to 22.

The instructions are clear and I quote verbatim the portion pertaining to moderate disability of muscles: "Through and through or deep penetrating wounds of relatively short track by single bullet of small shell or shrapnel fragments are to be considered as of at least moderate degree."

Further, to fortify the intent of the Veterans' Administration to provide a moderate evaluation in retaining metallic bodies in the muscle, under the slight evaluation, the last sentence under, "Objective Findings" states, "No retained metallic fragments."

As we interpret this it was intended to mean if there are retained foreign bodies that the evaluation of the muscle injury should be moderate in degree.

The reason for us calling this section of the schedule to your attention is that in our judgment there has been a gradual deterioration in applying the liberal provisions of the rating schedule, probably more prevalently from the beginning of the Vietnam war.

There may be many reasons for this deterioration. Perhaps the most important is that the wounds of the victims of the war in Vietnam were not as disabling as the same type of wound of our World War II and Korea veterans; second, the pervasive negativism that abounded during this conflict; and third, the general apathy of the public: The farther we get away from war, the sooner we forget those who made the sacrifice.

As National Commander of the Military Order of the Purple Heart, I would be derelict in my duty if I failed to bring my concern to your attention. I think this issue could be resolved without too much of a problem if the Veterans' Administration would join with me in my effort to restore compliance with the pertinent section of the rating schedule.

The combat wounded veteran represents a very small segment of those who served their country with honor but those who so served were threatened on every side with destruction.

In the interest of equity, the World War II veteran, the Korean and the Vietnam veteran all should be compensated equally for the same type wounds. We believe this is not only in the interest of justice but in the best interest of our national defense.

Should our sons or grandsons be required to serve on the battlefront, they will need to know their country will stand behind them should they become disabled in combat. Mr. Chairman, the cost of war does not end when the last shot is fired. All we need to do is to visit our Veterans' Administration hospitals.

The Purple Hearters know the trauma of the battlefield and the hope that each soldier has to return home. Because of this experience we express our gravest of concerns over the continued lack of a resolution on our missing in action and prisoners of war from the Vietnam conflict. This is intolerable.

We feel a close kinship to these comrades-in-arms and in the strongest terms possible we ask for them, because they cannot, that this Government take the strongest action possible to bring back those who are alive and to recover the remains of those who are no longer with us. Remember, the war cannot be over even if only one of our soldiers is a prisoner.

Mr. Chairman, we veterans owe what we have today, in a large part, to our fellow veterans of World War I. They probably are the most put upon group of veterans in our lifetime.

Now that they are in the ebbing twilight of their years, these heroes of ours are asking for compassion, understanding, and a last recognition for their devoted service to their country. We ask you in your infinite wisdom to do all that you can to grant what is probably their last significant request—a pension for their service.

We support a strong national defense and the necessary expenditures related thereto. However, we expect the Congress to maintain strict standards of accountability to insure the most effective use of these funds.

Further, the implementation of the draft into reality; we support it along with adequate remuneration. This action will encourage retention of current and future military personnel.

Mr. Chairman, I realize that this may not fully fall under the committee's jurisdiction, but the recent ruling by the U.S. Circuit Court of Appeals that Congress violated the Constitution by granting tax exempt status to veterans' organizations that lobby has potential, far-reaching consequences.

The case has been returned to the district court level with instructions to remedy the constitutional problem either by restricting the tax benefits accorded veterans' organizations or extending those benefits to charitable and educational organizations engaged in lobbying.

Judge George E. McKinnon, in a dissenting view wrote, "Veterans organizations are essentially different in character from other charitable and educational groups. Congress has recognized that veterans' groups are unique entities having differing structures and differing purposes." We ask for your vigilance in this matter and the appropriate actions to preserve what Congress has provided to the veteran.

Mr. Chairman, 1982 is a special year for the recipients of the Purple Heart. It is the 250th anniversary of the birth of Gen. George Washington who initiated the Badge of Military Merit now known as the Purple Heart. It is the 200th anniversary of General Washington's signing of the general order for this award, and it is our organization's 50th anniversary.

Appropriate ceremonies commemorating these events are being conducted across the Nation. We will highlight these events on August 7 at Newburgh, N.Y., at the site of the encampment where General Washington signed the General Order for the Purple Heart.

Mr. Chairman, I would like to extend an invitation to you and the members of your committee to join us in New York on August 7.

Mr. Chairman and members of the committee, the Military Order of the Purple Heart is indeed in your debt. We have constantly relied on the efforts of you and your excellent staff to keep the interest of the veterans before your colleagues. We wish to thank all of you for your personal interest and wish you continued success in achieving the objectives of meeting the needs of our veterans. We totally support you in this endeavor.

Thank you, Mr. Chairman, for this opportunity and your courtesy in permitting me to appear here today. Thank you, sir.

Senator MITCHELL. Thank you, Commander Brigstock and the other members of your organization here today. In accordance with your request, the full text of your legislative proposals will be inserted in the record where they will receive careful consideration of the committee. Your testimony made some very good points that I think all of us deserve reminders of and I appreciate it very much as I am sure do all of the other members of the committee who, because of prior commitments, particularly a heavy schedule on the floor of the Senate, could not be here today, but they will, I am certain, review this testimony.

[The prepared statement of Duane T. Brigstock, national commander, Military Order of the Purple Heart of the U.S.A., Incorporated, follows:]

PREPARED STATEMENT OF DUANE T. BRIGSTOCK, NATIONAL COMMANDER, MILITARY ORDER OF THE PURPLE HEART OF THE U.S.A., INC.

MR. CHAIRMAN, DISTINGUISHED MEMBERS OF THE COMMITTEE ON VETERANS AFFAIRS, I FEEL PRIVILEGED TO BE HERE TODAY AND TO BE ALLOWED TO TAKE A FEW MINUTES OF YOUR VALUABLE TIME.

THE LEGISLATIVE POSITION OF MY ORGANIZATION HAS BEEN PROVIDED TO YOUR COMMITTEE AND I FEEL CERTAIN THAT IT WILL BE CLOSELY CONSIDERED AND INCLUDED IN THE CONGRESSIONAL RECORD.

I DO NOT INTEND TO IMPOSE ON YOUR BUSY SCHEDULE BY READING OUR POSITION. INSTEAD, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO MAKE A FEW PERSONAL OBSERVATIONS AND TO FOCUS IN ON WHAT WE EXPECT FROM YOU.

YOUR COMMITTEE HAS SCHEDULED HEARINGS DURING WHICH OTHER VETERANS' ORGANIZATIONS HAVE MADE, OR WILL BE MAKING, THEIR LEGISLATIVE PROGRAMS KNOWN TO YOU. I HAVE READ SOME OF THEIR STATEMENTS AND AM PRIVILEGED TO HEAR OTHERS TODAY.

THIS LEADS ME TO THE FIRST POINT I WISH TO MAKE. THAT IS, THAT ALL OF THE VETERANS' ORGANIZATIONS ARE ORIENTED TOWARD SUPPORTING THE VETERAN. THE IMPACT EACH ORGANIZATION IS ABLE TO MAKE VARIES WITH THE SIZE OF THE ORGANIZATION AND THE MEANS IT HAS AVAILABLE TO IT. WE APPEAR TO ACT SEPARATELY, AS WE COME BEFORE YOU, BUT, I CAN ASSURE YOU WE SUPPORT COMMON GOALS AND OBJECTIVES AND ARE QUITE CAPABLE OF ACTING IN CONCERT SHOULD THE SITUATION WARRANT.

THE MILITARY ORDER OF THE PURPLE HEART MAKES UP IN DEDICATION TO COMBAT WOUNDED VETERANS WHAT IT LACKS IN SIZE. IT IS OBVIOUS THAT WE STRESS THE NEEDS OF THE COMBAT WOUNDED VETERANS AS OUR TOP PRIORITY. THIS IS NOT TO SAY THAT WE DO NOT EXTEND OUR FULL SUPPORT FOR ALL OTHER VETERANS. ACCORDINGLY, I WISH TO STATE NOW, THAT THE MILITARY ORDER OF THE PURPLE HEART FULLY SUPPORTS THE CONCERNS AND RECOMMENDATIONS SET FORTH IN THE STATEMENTS OF MY COLLEAGUES FROM THE OTHER VETERANS' ORGANIZATIONS AS I FEEL CERTAIN THAT THEY SUPPORT MY OWN.

MR. CHAIRMAN, WE FULLY RECOGNIZE THE DIFFICULTIES THAT CONGRESS IS HAVING WITH THE FEDERAL BUDGET AND UNDERSTAND THAT COST-SAVINGS NO DOUBT WILL HAVE TO BE REALIZED. WE ASK THAT YOU CONTINUE YOUR VIGILANCE TO INSURE THAT NO LEGISLATIVE MANEUVERING DURING THE DEVELOPMENT OF VARIOUS COURSES OF ACTION CATCHES THE VETERAN IN A SITUATION THAT WILL DENY HIM THOSE BENEFITS THAT THIS COMMITTEE HAS SO ABLY SUPPORTED.

BECAUSE OF OUR NATION'S ECONOMIC SITUATION, I BELIEVE NOW, MORE THAN EVER, AN EVEN CLOSER WORKING RELATIONSHIP MUST BE DEVELOPED BETWEEN CONGRESS, THROUGH YOUR COMMITTEE, AND THE VETERANS' ORGANIZATIONS. UNDER THE SPECTRE OF THE CURRENT BUDGET DELIBERATIONS, WHICH CANNOT HAVE OTHER THAN AN ERODING EFFECT ON VETERANS' ENTITLEMENTS, WHO CAN WE LOOK TO FOR HELP OTHER THAN CONGRESS AND THE VOTERS WHO MAKE THEIR DESIRES KNOWN TO YOU.

FOR YEARS THE VETERANS HAVE HEARD GREAT PROMISES FROM EACH ADMINISTRATION, YET, WHEN THE OPPORTUNITY TO FULFILL THIS COMMITMENT OCCURS, THERE IS A WEAKENING AND EVASIVENESS TO THAT COMMITMENT LEAVING THE VETERAN IN A QUANDARY. WE ASK YOU TO ENSURE THAT THE DESIRE TO CUT THE BUDGET DOES NOT TAKE PRECEDENCE OVER THESE COMMITMENTS WHILE AT THE SAME TIME REALIZING THAT WE MUST LOOK TO CONGRESS TO HELP US IN OUR FIGHT.

MR. CHAIRMAN, TOGETHER WE MUST WORK TO ELIMINATE THE CONTINUING CHANGES OR THREAT OF CHANGE THAT WOULD ENDANGER VETERANS' BENEFITS AND LEAVE OUR VETERANS CONFUSED. AN EXAMPLE IS THE PROPOSED 8.1% INCREASE FOR COMPENSATION WHICH IS A GAIN BUT THE PROPOSED ELIMINATION OF DEPENDENCY ALLOWANCE FOR THOSE RATED LESS THAN 50% DISABLED IS TOTALLY DETRIMENTAL. THIS IS THE TYPE ACTION THAT PRESENTS UNCERTAINTY TO THE VETERAN BECAUSE THE VETERANS' BENEFITS WOULD BE REDUCED OVERALL. THIS KIND OF PROPOSED LEGISLATION FOSTERS THE QUESTIONABILITY OF THE SINCERITY OF OUR GOVERNMENT CONCERNING VETERANS BENEFITS. WE ARE GRAVELY CONCERNED THAT EACH ADMINISTRATION AND MANY OLD AND NEW GOVERNMENT OFFICIALS APPEAR TO HAVE THE ATTITUDE THAT VETERANS' BENEFITS ARE FAIR GAME FOR REDUCTION WHENEVER IT COMES TO PREPARATION OF THE FEDERAL BUDGET. OUR VETERANS PAID A TERRIBLE PRICE TO ENSURE OUR LIBERTY AND WE MUST EXERT EVERY EFFORT TO PROTECT THEM FROM THOSE WHO REFUSE TO RECOGNIZE THEIR SACRIFICE. WE ASK YOU TO KEEP FIGHTING AGAINST REDUCING VETERANS' BENEFITS BECAUSE WITHOUT YOU AND YOUR COLLEAGUES WHO SUPPORT THE VETERAN IT WOULD NOT BE LONG BEFORE THEY WOULD BE RELAGATED TO A CLASSIFICATION OF A WELFARE RECIPIENT. OUR VETERANS DO NOT DESERVE THIS AND I AM POSITIVE YOU WILL NOT LET IT OCCUR.

THE MILITARY ORDER OF THE PURPLE HEART HAS ALWAYS MADE AN EFFORT TO BE OBJECTIVE AND TO APPROACH VETERANS BENEFITS WITH A STRONG DEGREE OF MODERATION. WE ARE SERVICE-CONNECTED VETERANS YET WE SUPPORT ALL VETERANS. THE PROPOSED VETERANS' ADMINISTRATION BUDGET FOR FY 83 CAUSES US CONCERN IN SOME AREAS BUT ESPECIALLY THEIR PROPOSAL FOR ELIMINATION OF DEPENDENCY ALLOWANCE FOR VETERANS RATED LESS THAN FIFTY PERCENT DISABLED AND THE ELIMINATION OF THE SUBSISTANCE ALLOWANCE FOR VOCATIONAL REHABILITATION DEPENDENTS IS SEVERE AND WE NON-CONCUR IN THE STRONGEST TERMS POSSIBLE WITH THIS PROPOSAL. THE PROPOSED BUDGET FOR

HEALTH CARE IS ACCEPTABLE AND WE HOPE THAT IT IS THE BEGINNING OF A FIRM RECOGNITION OF NEED AND NOT A TEMPORARY RESPITE BECAUSE OF THE TIME.

MR. CHAIRMAN, FOR SEVERAL YEARS WE HAVE WATCHED AN UNFAVORABLE EVOLUTIONARY CHANGE IN THE PHILOSOPHICAL AND IDEOLOGICAL APPROACH TO VETERANS AFFAIRS. THIS CHANGING ATTITUDE IS BEING MANIFESTED IN VARYING DEGREES BY BOTH OUR ELECTED AND APPOINTED GOVERNMENT OFFICIALS. WE ATTRIBUTE PART OF THIS TO THE INCREASING NUMBERS OF NON-VETERANS OCCUPYING POSITIONS THAT CAN INFLUENCE THE POLICY AND THE DECISIONS AFFECTING VETERANS' BENEFITS. THESE INDIVIDUALS APPARANTLY DO NOT FULLY UNDERSTAND THE SACRIFICES OUR VETERANS HAVE MADE AND CONTINUE TO MAKE BECAUSE OF THEIR WOUNDS SO WE MAY ENJOY THE LIBERTY WE HAVE IN THIS GREAT NATION OF OURS. IT IS FURTHER EXACERBATED BY THOSE WHO WOULD PLACE VETERANS UNDER THE SPECTRUM OF THEIR TOTAL SOCIAL WELFARE SYNDROME THAT PERMEATES THEIR EVERY THOUGHT CONCERNING BENEFITS OR ENTITLEMENTS, INSTEAD OF RECOGNIZING THE SPECIAL STATUS THAT THIS NATION HAS BESTOWED ON OUR VETERANS. THIS CONCERN HAS BEEN DISCUSSED WITH THE ADMINISTRATOR OF THE VETERANS ADMINISTRATION. HE CITED EXAMPLES TO ME THAT HE WAS CONTENDING WITH AND THAT HE WAS IN THE PROCESS OF REORIENTING THE INDIVIDUALS AND REDEFINING POLICY TO CONFORM TO THE PURPOSE OF THE VETERANS ADMINISTRATION.

THIS ATTITUDINAL CHANGE WORRIES US BECAUSE LIKE YOU, WE HAVE WITNESSED THIS CHANGE AND SEE IT CONTINUING. IT HAS BEEN MANIFESTED BY ATTACKS ON VIRTUALLY EVERY VETERANS' PROGRAM, INCLUDING ATTEMPTS TOWARDS THEIR ELIMINATION, TO UNDERFUND OR TO NOT FUND AT ALL. WE ALSO HAVE HEARD OF A RECENT PROPOSAL THAT IS DESIGNED TO COMBINE OR TO INTEGRATE VETERANS' BENEFITS INTO OTHER SOCIAL PROGRAM ENTITLEMENTS. THIS ACTION WOULD PROBABLY REDUCE OR, IN SOME CASES, EVEN ELIMINATE CERTAIN VETERANS' BENEFITS. IT WOULD ALSO DENY THE VETERAN BENEFITS FROM OTHER PROGRAMS THAT HE HAS CONTRIBUTED TO OR IS ENTITLED BY LAW. WE CANNOT SUPPORT THOSE PROPOSALS THAT WILL DENY OUR COMBAT WOUNDED VETERANS THE SUPPORT THAT THIS NATION HAS PROVIDED TO THEM AND WHICH WE BELIEVE THE NATION WANTS CONTINUED.

BELIEVING THIS, THE RECENT CHANGE DENYING BURIAL ALLOWANCE TO THOSE NOT IN RECEIPT OF OR ENTITLED TO COMPENSATION OR PENSION HAS CAUSED US CONCERN. WE ADDRESSED THIS ISSUE TO YOU EARLIER THIS YEAR AND ASK THAT OUR CONCERN BE TRANSLATED INTO AUTHORITY AND FUNDING.

SIMILARLY, WE VIEW THE PLANNED REDUCTION OF BENEFICIARY TRAVEL BY $17 MILLION DOLLARS AS AN ACT THAT WILL IN MOST INSTANCES HURT THOSE VETERANS WHO CAN LEAST AFFORD THIS EXPENDITURE. IT COULD RESULT IN MANY VETERANS NOT RECEIVING MEDICAL CARE BECAUSE THEY ARE UNABLE TO DEFRAY THE COST OF TRAVEL TO A MEDICAL FACILITY.

WE ASK THAT YOU REVIEW THIS ISSUE AGAIN AND ITS POTENTIAL IMPACT ON THE VETERAN. WE KNOW COST-SAVINGS ARE NECESSARY BUT THIS MAY NOT BE THE AREA TO REALIZE IT.

CONTINUING STUDIES BY THE VETERANS ADMINISTRATION ON THE AGING VETERAN ARE NECESSARY, BUT THERE MUST BE A TIME LIMIT, A DECISION RENDERED, AND ACTIONS BEGUN. THE AGING VETERAN IS HERE NOW AND THE RANKS INCREASE EVERY DAY. AS YET THERE IS NO FIRM, LONG RANGE PLAN TO PROVIDE THE REQUISITE CARE TO THESE VETERANS. WE ASK FOR YOUR OVERSIGHT ON THIS MATTER FOR THE FIELD OF GERONTOLOGY WILL BE A PARAMOUNT ISSUE WITH THE VETERANS ADMINISTRATION IN THE VERY NEAR TERM: PROBABLY WE WILL SEE A MAJOR IMPACT WITHIN THREE YEARS.

THERE IS A COMMARADERIE THAT PREVAILS AMONG OUR MEMBERSHIP BECAUSE OF OUR UNUSUAL TIES. WE ARE THE COMBAT WOUNDED. ACCORDINGLY, WE ARE DEEPLY CONCERNED WITH THE VETERANS ADMINISTRATION'S RATING SCHEDULE, SPECIFICALLY THAT PORTION THAT DEALS WITH EVALUATIONS ASSIGNED COMBAT WOUNDS. THE CONGRESS AUTHORIZED THE VETERANS ADMINISTRATION TO WRITE THE RATING SCHEDULE. THE MILITARY ORDER OF THE PURPLE HEART ENDORSED THE 1945 EDITION WHEN IT WAS ORIGINALLY EDITED. SINCE ITS ISSUANCE THERE HAS BEEN NO MATERIAL CHANGE IN EVALUATING COMBAT WOUNDS AND I HASTEN TO ADD THAT NO PORTION OF THE RATING SCHEDULE IS MORE COMPREHENSIVELY STATED THAN IS THIS SECTION. IT COVERS THE BETTER PART OF FIVE PAGES OF THE SCHEDULE, PAGE 17 TO 22.

THE INSTRUCTIONS ARE CLEAR AND I QUOTE VERBATIM THE PORTION PERTAINING TO MODERATE DISABILITY OF MUSCLES, "THROUGH AND THROUGH OR DEEP PENETRATING WOUNDS OF RELATIVELY SHORT TRACK BY SINGLE BULLET OR SMALL SHELL OR SHRAPNEL FRAGMENTS ARE TO BE CONSIDERED AS OF AT LEAST MODERATE DEGREE". FURTHER, TO FORTIFY THE INTENT OF THE VETERANS ADMINISTRATION TO PROVIDE A MODERATE EVALUATION IN RETAINED METALLIC BODIES IN THE MUSCLE, UNDER THE SLIGHT EVALUATION, THE LAST SENTENCE UNDER "OBJECTIVE FINDINGS" STATES "NO RETAINED METALLIC FRAGMENTS". AS WE INTERPRET THIS, IT WAS INTENDED TO MEAN IF THERE ARE RETAINED FOREIGN METALLIC BODIES THAT THE EVALUATION OF THE MUSCLE INJURY SHOULD BE MODERATE IN DEGREE.

THE REASON FOR US CALLING THIS SECTION OF THE SCHEDULE TO YOUR ATTENTION IS THAT IN OUR JUDGMENT THERE HAS BEEN A GRADUAL DETERIORATION IN APPLYING THE LIBERAL PROVISIONS OF THE RATING SCHEDULE, PROBABLY MORE PREVALENTLY FROM THE BEGINNING OF THE VIETNAM WAR.

THERE MAY BE MANY REASONS FOR THIS DETERIORATION. PERHAPS THE MOST IMPORTANT IS THAT THE WOUNDS OF THE VICTIMS OF THE WAR IN VIETNAM WERE NOT AS DISABLING AS THE SAME TYPE OF WOUND OF OUR WORLD WAR II AND KOREA VETERANS.

SECONDLY, THE PERVASIVE NEGATIVISM THAT ABOUNDED DURING THIS CONFLICT, AND THIRDLY, THE GENERAL APATHY OF THE PUBLIC: THE FARTHER WE GET AWAY FROM WAR, THE SOONER WE FORGET THOSE WHO MADE THE SACRIFICE.

AS NATIONAL COMMANDER OF THE MILITARY ORDER OF THE PURPLE HEART, I WOULD BE DERELICT IN MY DUTY IF I FAILED TO BRING MY CONCERN TO YOUR ATTENTION. I THINK THIS ISSUE COULD BE RESOLVED WITHOUT TOO MUCH OF A PROBLEM IF THE VETERANS ADMINISTRATION WOULD JOIN WITH ME IN MY EFFORT TO RESTORE COMPLIANCE WITH THE PERTINENT SECTION OF THE RATING SCHEDULE.

THE COMBAT WOUNDED VETERAN REPRESENTS A VERY SMALL SEGMENT OF THOSE WHO SERVED THEIR COUNTRY WITH HONOR BUT THOSE WHO SO SERVED WERE THREATENED ON EVERY SIDE WITH DESTRUCTION. IN THE INTEREST OF EQUITY, THE WORLD WAR II, THE KOREAN, AND VIETNAM VETERAN ALL SHOULD BE COMPENSATED EQUALLY FOR THE SAME TYPE WOUNDS. WE BELIEVE THIS IS NOT ONLY IN THE INTEREST OF JUSTICE BUT IN THE BEST INTEREST OF OUR NATIONAL DEFENSE. SHOULD OUR SONS OR GRANDSONS BE REQUIRED TO SERVE ON THE BATTLEFRONT, THEY WILL NEED TO KNOW THEIR COUNTRY WILL STAND BEHIND THEM SHOULD THEY BECOME DISABLED IN COMBAT. MR. CHAIRMAN, THE COST OF WAR DOES NOT END WHEN THE LAST SHOT IS FIRED. ALL WE NEED TO DO IS VISIT OUR VA HOSPITALS.

THE PURPLE HEARTERS KNOW THE TRAUMA OF THE BATTLEFIELD AND THE HOPE THAT EACH SOLDIER HAS TO RETURN HOME. BECAUSE OF THIS EXPERIENCE, WE EXPRESS OUR GRAVEST OF CONCERNS OVER THE CONTINUED LACK OF A RESOLUTION ON OUR MISSING IN ACTION AND PRISONERS OF WAR FROM THE VIETNAM CONFLICT. THIS IS INTOLERABLE. WE FEEL A CLOSE KINSHIP TO THESE COMRADES-IN-ARMS AND IN THE STRONGEST TERMS POSSIBLE WE ASK FOR THEM - BECAUSE THEY CANNOT - THAT THIS GOVERNMENT TAKE THE STRONGEST ACTION POSSIBLE TO BRING BACK THOSE WHO ARE ALIVE AND TO RECOVER THE REMAINS OF THOSE WHO ARE NO LONGER WITH US. REMEMBER, THE WAR CANNOT BE OVER EVEN IF ONLY ONE OF OUR SOLDIERS IS A PRISONER.

MR. CHAIRMAN, SIMILARLY, WE VETERANS OWE WHAT WE HAVE TODAY, IN A LARGE PART, TO OUR FELLOW SOLDIERS OF WORLD WAR I. THEY PROBABLY ARE THE MOST PUT UPON GROUP OF VETERANS IN OUR LIFETIME. NOW THAT THEY ARE IN THE EBBING TWILIGHT OF THEIR YEARS, THESE HEROES OF OURS ARE ASKING FOR COMPASSION, UNDERSTANDING, AND A LAST RECOGNITION OF THEIR DEVOTED SERVICE TO THEIR COUNTRY. IT IS PASSAGE OF H.R. 1918. WE ASK YOU IN YOUR INFINITE WISDOM TO DO ALL THAT YOU CAN TO GRANT WHAT IS PROBABLY THEIR LAST SIGNIFICANT REQUEST.

WE SUPPORT A STRONG NATIONAL DEFENSE AND THE NECESSARY EXPENDITURES RELATED THERETO. HOWEVER, WE EXPECT THE CONGRESS TO MAINTAIN STRICT STANDARDS

OF ACCOUNTABILITY TO ENSURE THE MOST EFFECTIVE USE OF THESE FUNDS. FURTHER, THE IMPLEMENTATION OF THE DRAFT IS A REALITY; WE SUPPORT IT ALONG WITH ADEQUATE REMUNERATION. THIS ACTION WILL ENCOURAGE RETENTION OF CURRENT AND FUTURE MILITARY PERSONNEL.

MR. CHAIRMAN, I REALIZE THAT THIS MAY NOT FULLY FALL UNDER THIS COMMITTEE'S JURISDICTION BUT THE RECENT RULING BY THE U.S. CIRCUIT COURT OF APPEALS THAT CONGRESS VIOLATED THE CONSTITUTION BY GRANTING TAX EXEMPT STATUS TO VETERANS ORGANIZATIONS THAT LOBBY, HAS POTENTIAL FAR REACHING CONSEQUENCES. THE CASE HAS BEEN RETURNED TO THE DISTRICT COURT LEVEL WITH INSTRUCTIONS TO REMEDY THE CONSTITUTIONAL PROBLEM EITHER BY RESTRICTING THE TAX BENEFITS ACCORDED VETERANS' ORGANIZATIONS OR EXTENDING THOSE BENEFITS TO CHARITABLE AND EDUCATIONAL ORGANIZATIONS ENGAGED IN LOBBYING. JUDGE GEORGE E. McKINNON, IN A DISSENTING VIEW, WROTE, "VETERANS' ORGANIZATIONS ARE ESSENTIALLY DIFFERENT IN CHARACTER FROM OTHER CHARITABLE AND EDUCATIONAL GROUPS. (CONGRESS) HAS RECOGNIZED THAT VETERANS GROUPS ARE UNIQUE ENTITIES HAVING DIFFERING STRUCTURES AND DIFFERING PURPOSES." WE ASK FOR YOUR VIGILANCE IN THIS MATTER AND FOR APPROPRIATE ACTIONS TO PRESERVE WHAT CONGRESS HAS PROVIDED TO THE VETERANS.

MR. CHAIRMAN, 1982 IS A SPECIAL YEAR FOR THE RECIPIENTS OF THE PURPLE HEART. IT IS THE 250TH BIRTHDAY OF GENERAL GEORGE WASHINGTON WHO INITIATED THE BADGE OF MILITARY MERIT NOW KNOWN AS THE PURPLE HEART. IT IS THE 200TH ANNIVERSARY OF GENERAL WASHINGTON'S SIGNING OF THE GENERAL ORDER FOR THIS AWARD, AND IT IS OUR ORGANIZATION'S 50TH ANNIVERSARY. APPROPRIATE CEREMONIES COMMEMORATING THESE EVENTS ARE BEING CONDUCTED ACROSS THE NATION. WE WILL HIGHLIGHT THESE EVENTS ON AUGUST SEVENTH AT NEWBURGH, NEW YORK AT THE SITE OF THE ENCAMPMENT WHERE GENERAL WASHINGTON SIGNED THE GENERAL ORDER FOR THE PURPLE HEART.

MR. CHAIRMAN, I WOULD LIKE TO EXTEND AN INVITATION TO YOU AND THE MEMBERS OF YOUR COMMITTEE TO JOIN US IN NEW YORK ON AUGUST SEVENTH.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, THE MILITARY ORDER OF THE PURPLE HEART IS INDEED IN YOUR DEBT. WE HAVE CONSTANTLY RELIED ON THE EFFORTS OF YOU AND YOUR EXCELLENT STAFF TO KEEP THE INTEREST OF THE VETERANS BEFORE YOUR COLLEAGUES. WE WISH TO THANK ALL OF YOU FOR YOUR PERSONAL INTEREST AND WISH YOU CONTINUED SUCCESS IN ACHIEVING THE OBJECTIVES OF MEETING THE NEEDS OF OUR VETERANS. WE TOTALLY SUPPORT YOU IN THIS ENDEAVOR.

THANK YOU, MR. CHAIRMAN, FOR THIS OPPORTUNITY TO APPEAR BEFORE YOU TODAY.

LEGISLATIVE PROPOSALS

MILITARY ORDER OF THE PURPLE HEART OF THE U.S.A., INC.

For the

VETERANS AFFAIRS COMMITTEE
April 29, 1982

THE MILITARY ORDER OF THE PURPLE HEART IS PLEASED TO ONCE AGAIN APPEAR BEFORE THIS COMMITTEE TO PRESENT OUR LEGISLATIVE PROGRAM FOR 1982. ALTHOUGH WE ARE NOT ALWAYS IN AGREEMENT WITH THE DIFFERENT POSITIONS TAKEN BY THE COMMITTEE, WE DO APPRECIATE THE FACT THAT WE HAVE THE OPPORTUNITY TO PRESENT OUR OPINIONS. THE ATTITUDE OF THE COMMITTEE AND THE STAFF HAS ALWAYS BEEN ONE OF COOPERATION SO OUR OCCASIONAL DISAGREEMENTS CAN REMAIN FRIENDLY. WE DO APPRECIATE THIS SPIRIT OF COOPERATION.

THE MAJOR CONCERN OF OUR ORGANIZATION, AND A POINT WHERE SOME DISAGREEMENT WILL ALWAYS ARISE, IS THAT OF THE VETERANS ADMINISTRATION BUDGET. THE V.A. WAS CREATED TO OFFER CONSTRUCTIVE LEADERSHIP IN THE FIELD OF VETERANS AFFAIRS, TO ADMINISTER LAWS THAT RELATED TO VETERANS, AND IN THE OFTEN QUOTED WORDS OF PRESIDENT LINCOLN, "TO CARE FOR HIM WHO SHALL HAVE BORNE THE BATTLE, FOR HIS WIDOW AND HIS ORPHAN." WITHOUT ADEQUATE FUNDING, THE VETERANS ADMINISTRATION CANNOT CARRY OUT THIS IMPORTANT MISSION.

THE FY-83 BUDGET HAS BEEN PUT TOGETHER VERY WELL. CONSIDERING THE CURRENT ECONOMIC SITUATION, IT IS PERHAPS A LITTLE BETTER THAN SOME OF US MIGHT HAVE EXPECTED. HOWEVER, WE DO NOT MEAN TO IMPLY THAT WE CONSIDER THE BUDGET TO BE ADEQUATE OR SUFFICIENT. WE DO FIND A GLARING DEFICIENCY IN THE PROPOSED SAVINGS. WE STRONGLY OPPOSE ANY SO-CALLED SAVINGS THAT WILL COME AT THE EXPENSE OF THE SERVICE-CONNECTED VETERAN. THE DEPENDENCY ALLOWANCE FOR THE 30% AND 40% DISABLED VETERANS BECAME A FACT ONLY AFTER VERY CAREFUL STUDY BY THE CONGRESS. A NEED WAS CLEARLY DEMONSTRATED. IS THE ADMINISTRATION SUDDENLY SAYING THAT THE NEED NO LONGER EXISTS? IF A VETERAN SUFFERED THE LOSS OF A LEG BELOW THE KNEE, CAN IT NOW BE SAID THAT THE LOSS IS NOT AS SERIOUS AS IT ONCE WAS? WE ARE STRONGLY OPPOSED TO ANY PROPOSED "SAVINGS" IN COMPENSATION.

THE PROPOSED SAVINGS IN THE PENSION AND DIC PROGRAMS ARE DIFFICULT TO ACCEPT. WE MUST REMEMBER THAT A MEANS TEST IS APPLIED IN THESE CASES, SO A GENUINE NEED DOES EXIST. ANOTHER IMPORTANT AREA OF CONCERN IS THE

IS THE SMALL BUSINESS LOAN PROGRAM. WE DO NOT FIND ANY FUNDING FOR THIS PROGRAM IN THE BUDGET. THE PROGRAM ONLY CAME INTO EXISTENCE WITH THE APPROVAL OF PL97-72. IT HASN'T EVEN HAD A CHANCE TO GET STARTED. THIS IS A LOAN PROGRAM, MEANING THAT THE MONEY WILL EVENTUALLY RETURN THUS MAKING THE COST INSIGNIFICANT.

THREE STUDIES ARE BEING PROPOSED THAT WE DISAGREE WITH. ONE, ON IMPLEMENTATION OF OMB CIRCULAR A-76, HAS NO PLACE IN THE V.A. SYSTEM. WE HOPE TO SEE THIS IDEA COME TO AN EARLY END. ANOTHER STUDY WOULD LOOK AT THE NEEDS OF THE AGING VETERAN. EARLIER STUDIES HAVE IDENTIFIED MANY NEEDS IN THIS AREA. WE DO NOT SEE WHAT ANOTHER STUDY WOULD ACCOMPLISH. THE LAST ONE, ON USER FEES FOR NON-SERVICE CONNECTED VETERANS IS, IN OUR OPINION, AN ITEM WHERE THE INCOME DERIVED WILL VERY LIKELY BE LESS THAN THE COST OF ADMINISTRATION. THE MONIES ALLOTED FOR THESE STUDIES COULD EASILY BE DIVERTED TO THE NURSE SCHOLARSHIP PROGRAM TO PRESERVE THIS VALUABLE RECRUITMENT AID.

TO GO A STEP FURTHER ON THE NEEDS OF THE AGING VETERAN, SOME OF THE HEALTH CARE NEEDS OF THE WORLD WAR I VETERAN WERE MET WITH THE ENACTMENT OF PL96-151. HOWEVER, THERE IS A SEVERE SHORTAGE OF NURSING AND DOMICILIARY CARE BEDS. THE AVERAGE AGE OF ALL OUR LIVING VETERANS IS 48.0 YEARS. A VERY SIGNIFICANT NUMBER WILL BE REACHING THE AGE OF 65 IN THE COMING YEAR. THE NEED FOR GERIATRIC CARE IS RAPIDLY INCREASING. AUTHORITY FOR EXPANDING GERIATRIC HEALTH CARE SERVICES CAN BE FOUND IN 38 USC, PARA 4101(f). WE ASK THAT THIS AUTHORITY BE FULLY USED.

WE ARE PLEASED BY THE PROPOSED LEVEL OF FUNDING FOR ASSISTANCE IN THE CONSTRUCTION OF STATE VETERANS HOMES. WHILE WE ARE PLEASED, WE ASK THE COMMITTEE TO CONSIDER AN INCREASE TO $25 MILLION OVER THE NEXT FEW YEARS.

MANY STATES ARE WITHOUT NATIONAL CEMETERIES. THE PROPOSED BUDGET DOES INCLUDE FUNDS FOR ASSISTANCE IN ESTABLISHING STATE VETERANS CEMETERIES. THIS WILL BE INDEED HELPFUL AND WE HOPE TO SEE THIS FUNDING MAINTAINED IN FUTURE YEARS.

THE INFLATIONARY SPIRAL HAS HAD A SEVERE IMPACT ON THE AGING VETERAN. WE ASK THE COMMITTEE TO ESTABLISH A PENSION FOR THE WORLD WAR I VETERAN. EXISTING PROPOSALS ARE MODEST ENOUGH AND THE NEED CLEARLY EXISTS.

LOOKING AT OTHER MATTERS IN THE AREA OF BENEFITS, THE V.A. DOES CONSIDER SERVICE CONNECTION FOR CARDIOVASCULAR DISEASE SUFFERED BY THOSE VETERANS WITH LEG AMPUTATIONS. AS WE UNDERSTAND THE ORIGINAL RESEARCH, THE STUDY WAS TO INCLUDE ARM AMPUTEES AS WELL. WE FEEL THERE IS A NEED FOR FURTHER RESEARCH ON THIS POINT.

PERMANENCY IS ESTABLISHED FOR DISABILITY RATINGS THAT ARE IN EFFECT FOR TWENTY OR MORE YEARS. IT SHOULD BE OBVIOUS THAT IT DOES NOT TAKE THIS LONG TO DETERMINE WHETHER OR NOT ANY SIGNIFICANT MEDICAL OR PSYCHOLOGICAL IMPROVEMENT CAN BE EXPECTED. WE PROPOSE CHANGING THIS RULE TO A PERIOD OF TEN YEARS, OR EVEN LESS.

WE FIND THAT PERIODICALLY, SOME QUESTIONS ARISE ABOUT THIRD PARTY IN THEORY. HOWEVER, AS A PRACTICAL MATTER, WE HAVE SECOND THOUGHTS. THIS FORM OF REIMBURSEMENT MIGHT BE DIFFICULT TO ADMINISTER AND IT MAY RAISE LEGAL QUESTIONS AS WELL. IT MAY WELL BE AN ITEM BETTER LEFT ALONE.

MORTGAGE LIFE INSURANCE IS AVAILABLE FROM THE V.A. FOR THOSE VETERANS WHO ARE ENTITLED TO THE ADAPTIVE HOUSING GRANT. YET, THERE ARE MANY OTHER DISABLED VETERANS WHO HAVE PROBLEMS IN QUALIFYING FOR THIS INSURANCE FROM A COMMERCIAL SOURCE.

STANDARDS FOR BENEFIT ENTITLEMENT WITH UPGRADED DISCHARGES ARE CLEARLY DEFINED IN 38 USC PARA 3103(a). AT VARIOUS TIMES WE FIND PROPOSALS TO CHANGE THESE DEFINITIONS. WE ARE OPPOSED TO ANY CHANGE IN THIS RULE THAT WOULD DOWNGRADE THE EXISTING STANDARD.

THE V.A. OUTREACH PROGRAM, OR VET CENTERS, HAS A CONSIDERABLE POTENTIAL FOR ACCOMPLISHMENT. IN OUR APPEARANCE BEFORE THE COMMITTEE LAST YEAR, WE ASKED FOR EXPANSION AND EXTENSION OF THE PROGRAM. WHILE WE REALIZE THAT WE WERE NOT THE ONLY ORGANIZATION WITH THIS REQUEST, WE CERTAINLY ARE PLEASED TO SEE THAT THE CONGRESS ACTED FAVORABLY ON OUR SUGGESTION.

POTENTIAL HEALTH PROBLEMS THAT MAY RESULT FROM AGENT ORANGE EXPOSURE IS A MAJOR CONCERN OF OUR ORGANIZATION. WHILE WE CAN EASILY BECOME IMPATIENT WITH THE PROGRESS OF THE MANY ONGOING STUDIES, WE DO RECOGNIZE AND SUPPORT THE EFFORTS OF THE INTER-AGENCY WORK GROUP ON PHENOXY HERBICIDES. WE ONLY WISH THAT MORE COULD BE ACCOMPLISHED IN A SHORTER TIME SPAN. WE ASK THE COMMITTEE TO ENSURE THAT PRESENT EFFORTS CONTINUE IN A TIMELY MANNER, AND THAT INFORMATION BE RELEASED AS IT BECOMES AVAILABLE.

AS NOTED EARLIER, WE ARE CONCERNED WITH OMB CIRCULAR A-76. WE STRONGLY FEEL THAT THE V.A. MUST MAINTAIN FULL CONTROL OVER IT'S FACILITIES. ANY IMPLEMENTATION OF A-76 WOULD WEAKEN AND POSSIBLY DESTROY THIS CONTROL. WE DO NOT FEEL THAT ANY HEALTH CARE CAN BE CONTRACTED OUT WITHOUT PLACING LIMITS ON THE QUALITY OF THE CARE.

TURNING TO THE SUBJECT OF ANNUITIES, WE HAVE SEVERAL ITEMS OF CONCERN. AS OUR FIRST POINT, WE WOULD LIKE TO SEE CONCURRENT PAYMENT OF MILITARY RETIREMENT AND DISABILITY COMPENSATION. FOR THOSE WHO ARE RECEIVING SURVIVOR BENEFIT PLAN ANNUITIES, WE WOULD PERMIT CONCURRENT PAYMENT OF SBP AND DIC BENEFITS.

ENROLLMENT IN THE SURVIVOR BENEFIT PLAN IS OPEN AT THE PRESENT TIME. WE ASK THAT SUCH OPEN PERIODS TAKE PLACE AT REGULAR INTERVALS, PERHAPS ON AN ANNUAL BASIS. ANYONE WHO DOES NOT PARTICIPATE INITIALLY, SHOULD HAVE LATER OPPORTUNITIES TO CHANGE THIS DECISION. THOSE WHO ARE ENROLLED, SHOULD ALSO HAVE AN OPPORTUNITY TO MAKE LATER CHANGES.

SOCIAL SECURITY BENEFITS DO HAVE AN ADVERSE IMPACT ON SBP BENEFITS. WE ASK THE CONGRESS TO TAKE A GOOD LOOK AT THIS SITUATION. WHEN SOCIAL SECURITY ELIGIBILITY EXISTS, WE ASK THAT CONCURRENT PAYMENT BE ALLOWED.

PROPOSALS DO EXISTS IN THE CONGRESS TO ALLOW APPORTIONMENT OF A MILITARY OR CIVIL SERVICE ANNUITY TO A FORMER SPOUSE WITH LITTLE REGARD FOR THE REASONS THAT CAUSED DISSOLUTION OF THE MARRIAGE. WE FEEL THESE PROPOSALS TO BE ILL ADVISED. EACH OF THE DIFFERENT STATES HAS ITS OWN LAWS REGARDING ALIMONY AND CHILD SUPPORT. THE STATE COURTS HAVE ENFORCEMENT AUTHORITY AND ANY ACTION ON THE FEDERAL LEVEL MAY TEND TO CREATE MORE CONFUSION IN WHAT IS NORMALLY AN EMOTIONAL ISSUE.

UNEMPLOYMENT FOR VETERANS IS REACHING A VERY HIGH POINT AT THE PRESENT TIME. WE CAN FIND WELL CONCEIVED PROGRAMS TO ASSIST THE UNEMPLOYED THAT HAVE HAD LITTLE SUCCESS, OR HAVE HAD MIXED RESULTS. WE WANT TO POINT OUT THAT THESE PROGRAMS CAN BE VERY SUCCESSFUL WITH CONSCIENTIOUS ADMINISTRATION AND FULL COMPLIANCE WITH THE LAW. ALL TOO OFTEN, THESE LAST TWO POINTS HAVE BEEN MISSING FROM THE PROGRAMS. WE FIND SITUATIONS WHERE A PROGRAM IS WELL MONITORED, WHERE PROBLEMS ARE IDENTIFIED, BUT WHERE NO CORRECTIVE ACTION IS EVER TAKEN. BLATENT NON-COMPLIANCE IS OFTEN ALLOWED TO EXIST UNCHECKED. NEW EMPLOYMENT AND TRAINING INITIATIVES ARE BEING PROPOSED. AT LEAST ONE WILL

SEPARATE THE VETERAN FROM THESE PROPOSALS BY CREATING A DISTINCTLY SEPARATE VETERANS PROGRAM. HOWEVER, IF PRESENT MONITORING AND COMPLIANCE PROCEDURES CONTINUE TO EXIST, WE CAN ONLY EXPECT THE SAME MIXED RESULTS. WITH THE EXPECTED SHIFT INTO BLOCK GRANTS, THE VETERAN MAY FIND IT MORE DIFFICULT TO RECEIVE EMPLOYMENT RELATED SERVICES. THE PRESENT REQUIREMENTS FOR SERVICES TO VETERANS MUST BE MAINTAINED IN ANY BLOCK GRANT APPROACH. WITHOUT PROPER MONITORING AND COMPLIANCE, THE MONIES FOR THE PROGRAM CAN EASILY BE POURED DOWN THE DRAIN.

WE ASK FOR FULL STAFFING IN THE VETERANS EMPLOYMENT SERVICE IN ACCORDANCE WITH 38 USC PARA 2003. IN ADDITION, WE FEEL THAT ADDITIONAL STAFFING IS OFTEN NEEDED IN THE MAJOR POPULATION CENTERS. THE RESIDENCY REQUIREMENT FOUND IN 38 USC PARA 2003 IS AN ITEM THAT WE FEEL IS NOT NEEDED. WE HOPE FOR A POINT IN TIME WHERE ALL RDVE'S AND SDVE'S WILL BE APPOINTED FROM THE FIELD STAFF.

ANOTHER POINT CONCERNS CLERICAL ASSISTANCE FOR THE VES FIELD STAFF. IN THE PAST, THE FIELD STAFF RELIED ON CETA OR WIN PARTICIPANTS FOR THIS HELP. THESE PARTICIPANTS ARE NO LONGER AVAILABLE. THE RESPONSIBILITY OF THE VES STAFF ALMOST DEMANDS CLERICAL ASSISTANCE. ALOWANCES SHOULD BE MADE FOR HELP FROM SESA'S, OR FROM NEW EMPLOYEMNT AND TRAINING.

THE RECENT LEGISLATION TO EXPAND AND OUTSTATION DVOP AIDES SHOULD HELP CREATE MORE EMPLOYMENT OPPORTUNITIES FOR THE VETERAN. IN THIS PROGRAM, WE ASK THAT ALL FUNDING BE MAINTAINED APART FROM ANY BLOCK GRANT ARRANGEMENT.

WE APPLAUD THE PRESIDENT'S EFFORTS TO BUILD UP THE MILITARY ESTABLISHMENT. OUR NATION NEEDS A STRONG AND RESOLUTE POSITION IN DEALING WITH THE OTHER NATIONS OF THE WORLD. WE ARE CONCERNED THAT IN ATTEMPTS TO IMPROVE WEAPONS SYSTEMS, AND TO CREATE NEW SYSTEMS, WE DO NOT 1OSE SIGHT OF THE FACT THAT OUR CONVENTIONAL FORCES ARE IN NEED OF UPGRADING. SINCE THE RESERVE COMPONENTS ARE A VITAL PART OF ANY MOBILIZATION, EFFORTS MUST BE MADE TO IMPROVE THESE GROUPS AS WELL.

MUCH PUBLIC CONCERN HAS BEEN EXPRESSED AT THE SIZE OF THE DEFENSE BUDGET. WE EXPECT THE CONGRESS TO MAINTAIN STRICT STANDARDS OF ACCOUNTABILITY TO INSURE THE MOST EFFECTIVE USE OF THE FUNDS.

OUR FINAL POINT CONCERNS MISSING AMERICANS. WE HAVE BEEN VERY DISAPPOINTED BY THE ATTITUDE OF PAST ADMINISTRATIONS REGARDING THOSE WHO ARE STILL MISSING IN SOUTHEAST ASIA. THE NUMBER OF LIVE, FIRST HAND SIGHTINGS HAS NOW REACHED THE FOUR HUNDRED MARK. MANY OF THOSE WHO OFFERED INFORMATION WERE GIVEN POLYGRAPH EXAMINATIONS AND WE ARE NOT AWARE OF ANY WHO MAY HAVE FAILED THIS TEST. QUITE A FEW OF THESE SIGHTINGS DID COME FROM FOREIGN NATIONALS, NOT JUST FROM REFUGEES. IT APPEARS VERY OBVIOUS TO US THAT MANY AMERICANS ARE STILL BEING HELD IN PRISON CAMPS. WE ASK THE CONGRESS TO MAKE EVERY EFFORT TO DISCOVER THE TRUTH AND TO BRING THESE MEN HOME. WE FEEL THAT THE STATE DEPARTMENT SHOULD INTENSIFY THEIR EFFORTS ON THIS ISSUE.

THIS COMPLETES OUR STATEMENT AND WE THANK THE COMMITTEE FOR THIS OPPORTUNITY TO PRESENT OUR OPINIONS AND OUR LEGISLATIVE GOALS.

Senator **Mitchell**. Thank you, Commander Brigstock and the others.

The meeting is adjourned.

[Whereupon, at 11:37 a.m., the meeting was adjourned.]

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